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# FINANCIAL TIMES

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Saturday August 7 1976

\*\*\*10p

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## in NEWS SUMMARY

### GENERAL BUSINESS

## Cabinet official's job 'was empty'

A civil servant told an industrial tribunal in London yesterday that his job was "empty" because he was not given the opportunity to do anything. The tribunal was hearing a claim for compensation by a former cabinet official who had been dismissed from his post in the Cabinet Office for cooking hamburgers in a restaurant at the end of his term of office.

### French franc decline continues

FRENCH franc continued to decline; it closed at Frs.497.55 (4.9675) to the dollar. Sterling gained 5 points to \$1.7890; its weighted depreciation was unchanged at 38.6 per cent. The dollar's movement to 1.83 (1.77) per cent.

### Guerrilla count

There will be 4,000 fully-trained guerrillas in Mozambique and 400 in Zambia, the end of the next month, said Mr. Ted Sutton, an aide of the Rhodesian Prime Minister. He warned Rhodesians to expect the "roughest" year in their history.

### Day of bombs

Three bombs went off in a Belfast laundry and one in a Newry, a van exploded outside a police station. In the Belfast bomb, the governor limited food supplies to prisoners who had complained about the meals for the last fortnight.

### Viking Two

U.S. scientists photographed possible landing sites on Mars for Viking II as they awaited the first pictures showing why Viking I's arm is again unable to deliver the soil to its test chamber.

### One man's date

Only one case had been found where unemployment benefit had been paid to someone holidaying abroad, Mr. David Evans, Social Services Secretary, disclosed.

### BBC reprieve

Radio journalist Mr. Denis MacShane, sacked after a fake call to a phony programme, is being given six months to re-establish himself as a news anchor. Radio London journalists had supported MacShane with a five-day strike.

### Tanaka admirer

A 19-year-old high school boy made an unsuccessful attempt to rescue ex-Prime Minister Mr. Kakuei Tanaka from the Tokyo detention centre where he is being questioned in connection with the Lockheed-bribe scandal. The boy was seized while climbing the centre's 33-foot fence.

### Briefly...

British journalist Dr. David Rabin was visited by his father at Pretoria Prison, where he has been held without charges under South Africa's Terrorism Act. His wife, who is six months pregnant, was visited by her mother at another prison.

All three Lasca fever suspects in Coppet, Wood, isolation hospital, North London, are "very well" and may be released next week, the hospital said. Lasca, page 9.

Private Eye editor and a television researcher will hear on Monday if they are to go to jail for contempt of court for publishing material about Sir James Goldsmith during his criminal libel action against the "Eye".

Eight men, including Chinese and Malaysians, were remanded in custody for a week when they appeared at Marlborough Court, London, accused of conspiring to supply heroin.

Fritz Heckhausen, director of planning on Vienna Council, said that he accepted the political responsibility for the collapse of the Reichsbank's bridge into the Danube on Sunday.

Waddell, a witness at the trial where Patrick Meacham was wrongfully convicted of murder seven years ago, was charged with the same murder yesterday at Glasgow sheriff court.

Davis Cup Tennis (Wimbledon): Lloyd, Northern, John and first beat Adriano Panatta and Paolo Bertolucci 6-3, 3-6, 6-3, 10-8, 6-2 to keep Britain's European Zone B final hopes alive.

### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)		
RUBLES		
Treasury Bill 1978	397.4	+
Assed. E. Cement	156	+
Poland (G.)	22	+
Pittsburgh	32	+
Int'l. Timber	92	+
Polioleum	117	+
Barlow Rand	128	+
Blackwood Hedge	104	+
Burton "A"	37	+
Cope Sportswear	37	+

## Brokers should be able to advertise says Commission

BY MICHAEL LAFFERTY AND KEITH LEWIS

The Monopolies Commission has recommended that accountants, stockbrokers and veterinary surgeons should remove virtually all restrictions on advertising their services.

The Commission, declaring all three professions to be monopolies, found that their present advertising restrictions operated against the public interest.

The three reports are the result of a request by a former Secretary for Trade and Industry. The Commission was asked to restrict its investigations to advertising.

On the other hand, the Stock Exchange, which has permitted some form of advertising since 1973, announced its broad acceptance of the Monopolies Commission's findings.

Indeed, the Stock Exchange Council states that it gave its approval to the removal of further advertising restrictions on stockbrokers at the end of June.

The relaxations would include the possibility of direct mail approaches, the advertising of general services on radio, TV and film; and approaches to non-clients regulated by a code of ethics, rather than by prior department scrutiny.

No announcement of the relaxations would be made until the Monopolies Commission report had been published, it was decided.

The Stock Exchange disagrees with the Commission's findings in only one respect—and that concerns the recommendation of individual securities to non-clients.

This view relates to the possibility that "false markets" may be created. However, the report concludes that "We do not regard the present advertising rules as a necessary supporting safeguard against false markets."

The report on the accountants states that while the view that there is a direct link between professional integrity and advertising "may well be held sincerely," the Commission thinks that this is "tenuous in present circumstances."

"Accountants are in business to earn a living by selling their services," the Commission said. "It is not their duty to advise clients."

Burmah said last night that it was not aware of this fellow shareholder's views.

Sex. Here, too, Burmah has been selling assets, as much to relieve itself of future expenditure as to raise cash.

The State-owned British National Oil Corporation has paid Burmah about £20m for its interest in the Ninian Field, and is about to pay £27m for 65 per cent of Burmah's interest in this.

As a result the Corporation will have to spend between £200m and £250m on developing the share of the fields formerly owned by Burmah.

Other cash-raising exercises in recent months have involved the sale of Burmah's North American oil and gas interests to R. J. Reynolds for £200m, and disposal of part of the group's remaining British Petroleum shareholding for £175m.

The opportunity for the public to invest directly in the venture should be preserved by allowing Woodside-Burmah to remain a listed company.

Subject to final agreement, the £4.8m for Burmah's stake will be paid on September 1. The balance will be due on October 1.

On the London Stock Exchange Burmah shares remained unchanged at 42p, although Woodside-Burmah shares rose 2p to 37p. Broken Hill shares rose 5p to 790p.

Broken Hill said that with the consent of the stock exchanges, it did not propose to make an offer for the publicly-held shares in Woodside-Burmah.

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## Jobless in U.S. reach 7.8%

BY DAVID SUCHAN

WASHINGTON, August 5. THE U.S. JOBLESS rate rose to 7.8 per cent last month, from 7.5 per cent in June and 7.3 per cent in May.

This second successive monthly rise in the unemployment rate brings fresh doubts about the underlying strength of the U.S. recovery and a blow to Mr. Ford's political fortunes.

Only last month the administration said the "unemployment rate would drop to 7 per cent by the end of the year."

Mr. Ronald Reagan has criticised signs of recovery in the early part of the year as a mirage that would evaporate before the November elections.

Mr. Jimmy Carter and his economic aides have been reiterating their goals of bringing unemployment down.

The Democrats have been calling for further stimuli to the economy. On the other hand, Mr. Ford has twice this year vetoed job-creating bills in Congress in his keenness to keep federal spending down.

On the second occasion his veto of a \$8bn. Public Employment Bill was overridden by Congress last month.

### Determination

Even if Mr. Ford manages to scrape home as his party's presidential nominee, the latest jobless figures will reinforce the determination of organised labour to fight the coming election.

The unemployment rate fell steadily from 8.8 per cent. Last October until May.

Addressing Congress's joint economic committee in the wake of today's announcement, Mr. Julius Shiskin, head of the Bureau of Labour Statistics, attributed the recent reversal of this trend to "exceptionally rapid growth in the labour force."

The rise in unemployment last month masks an increase in total employment of some 400,000. But this was more than offset by the substantial rise in the civilian labour force of 700,000.

Continued on Back Page

## Polaroid wins High Court ban on Kodak

BY ARTHUR SMITH

POLAROID won a temporary injunction in the London High Court yesterday against Kodak's sale of "instant picture" cameras and films in Britain.

The hearing marks the first stage of the expected protracted legal battle between the two U.S. corporations for shares in the lucrative world market for instant picture products.

Eastman Kodak, the U.S. parent, said in New York that it would appeal against the High Court order.

Kodak said in court that it was planning to produce instant cameras and films for the European market from the U.K. in France and West Germany, with the possible loss of Britain of more than 3,500 jobs.

According to Polaroid, the company's centres on its SX70 system of cameras and film on sale in the U.S. since 1972 and in the U.K. since 1974.

Kodak said in April this year that it planned to market two competitive new cameras in the U.K.—the EK4 and the EK8. These are being sold already in the U.S. Canada and Puerto Rico and the Polaroid Corporation is taking legal action in the American courts.

Lost jobs

Polaroid alleged in the High Court that Kodak had infringed its U.K. patents and the judge yesterday granted an interim injunction restraining the manufacture and sale of the Kodak instant camera and instant print film.

Kodak told the court that some 4,000,000 had already been invested in establishing assembly lines at its Stevenage plant to start production of the camera next year for European markets and beyond.

Disruption of these plans by an injunction would result in the ultimate loss of about 300 jobs.

Continued on Back Page

## Burmah to sell its stake in Woodside for £47.5m.

BY RAY DAFTER, ENERGY CORRESPONDENT

BURMAH OIL is to raise a further £47.5m, by selling its stake in the Australian Woodside-Burmah group to Broken Hill Proprietary.

Broken Hill and Burmah said yesterday that negotiations for the 41.8 per cent shareholding had been concluded. The 78.3m shares were to be bought for \$468.5m. (£47.5m.).

The agreement is the latest in a line of fund-raising activities which have so far assured the company of over £200m. Burmah has sold assets to extricate itself from financial problems.

Other cash-raising exercises in recent months have involved the sale of Burmah's North American oil and gas interests to R. J. Reynolds for £200m, and disposal of part of the group's remaining British Petroleum shareholding for £175m.

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Signature (in the case of a joint application all must sign)

Date

17

Schlesingers Market Leaders PIMS



# The week in London and New York

## Little sign of recovery

ONLOOKER

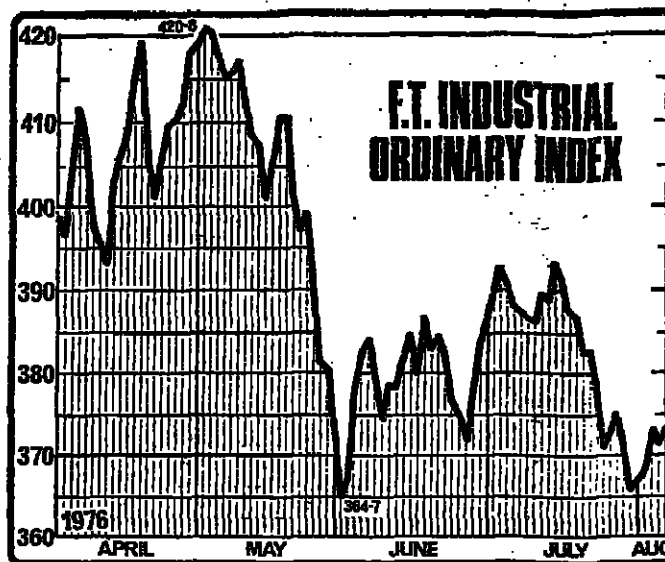
Up a couple of points yesterday, the timing of day equities have ended the Thursday's announcement may well have been a little more than a foreboding in relation to their "City stock" and one whose June low, and gilt—which business is clearly understood, began to look quite perky unlike Hambro Life whose around the middle of the week's prospectus left most —are also fractionally better. But the figures for market turn-over in July underline the low state of market sentiment. Turnover in medium and long gilts last month was down to about a third of its January peak, while in equities the average number of daily bargains fell to a point last reached during the last bear market. On the week the 30-Share index is 7.4 points higher at 373.3 leaving the decline over the account at 5.1 points.

A feature of the past five days has been an almost complete absence of company results of any real size, and the bids scene has been quieter. The Molins new issue has got away to the inevitable discount. But it is still possible to find the occasional bright spot—composite insurance shares for instance which have jumped suddenly to the top of our short-term performance table with Eagle Star and the Commercial Union (whose results appear this week) leading the way up. Profit trends among the U.S. composites have started to show some very strong trends. In striking contrast the continuing stream of disturbing news from South Africa has pushed our gold mines index to set another new low. Its decline this year now extends to more than three-fifths.

### Broker package

What with a surprise rights issue from Hogg Robinson and the announcement that Willis Faber and Dumas expects to come to the market within "the next few months" it has been an eventful week for the insurance broking cognoscent. Willis Faber ranks as one of the big four brokers in both terms of profits and brokerage. It made £10.1m. pre-tax in 1975 and is just the right quality of red meat that analysts are longing to chew upon.

When it arrives—and since over 40 per cent of the equity is already held by institutions the listing may take the form of an introduction rather than an offer for sale—Willis could be capitalised at around £70m. to judge by the rating at Sedgwick Forbes the broker with which Willis probably compares closest in terms of both business spread and profits mix. In the light of the recent new



sets itself a time limit of no more than three weeks deliberation. If a takeover attempt is referred to the Monopolies Commission, shareholders can be left in limbo for very long periods. This may be a real worry for Tate and Lyle for the OFT has announced that Tate's £44m. bid for Manbré and Garton could be referred. The mere threat of such a Monopolies reference often means the kiss of death for takeover hopes, if only because of the length of time required by the Commission to complete its findings.

The EuroCanadian/Furness Withy situation gives evidence of the time scale involved. The Commission first stepped into this affair last October when EuroCanadian announced that it held a 28 per cent stake in Furness. To-day, ten months later, shareholders are still waiting for the report to be published.

### Survival costs

Dealings in Drake and Cubitt, which were suspended just over four months ago at 17p, could just possibly re-start at the beginning of next month. That sums up most of the good news to be gleaned from the weekly documentation that appeared on Thursday offering a solution to Drake's cash problems. The deal with Tarmac is to go through thanks to an immediate injection of £0.7m. of Government cash—with a further £1.75m. on the sidelines just in case—and Drake is also extricating itself from its Belgian operations. But shareholders could end up with their stake in Drake diluted to just over half the total equity if Drake has to call on the whole of the Government assistance offered. And meanwhile the

## Cold comfort

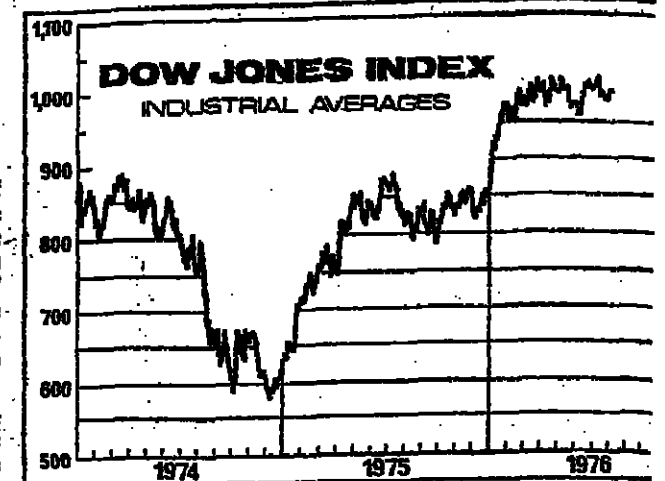
BY STEWART FLEMING

NEW YORK, August 6.

THE UNSEASONABLY cool weather in New York has done nothing to inspire any change in the recent apathetic performance of share prices on the NYSE.

On the contrary, the week began with only 13.9m. shares traded on the big board, making Monday the third slowest day's activity of the year. There was a little more action on Tuesday with the Dow Jones Industrial Average spurring eight points. But this modest rally was quickly attributed to a technical correction after five trading sessions of decline and to a burst of enthusiasm spurred by enthusiastic comments of an administrative judge on American Telephone and Telegraph's pricing and efficiency.

By Wednesday, however, in spite of General Motors' dividend increase, shares were drifting again and so it continued for the rest of the week. Against the background of generally favourable economic news and corporate earnings reports the continued indifference of performance of share prices



of ten-year notes applied for "nobody is really sure who is waiting for."

The scale of applications for the Treasury issue looks like a convincing vote of no confidence in the immediate prospect of any sharp rise in ordinary share prices on a scale which would encourage institutions to alter which is beginning to turn the balance of their portfolios towards equities. Ordinary investor behaviour.

Day	Close
Monday	992.26
Tuesday	990.33
Wednesday	992.28
Thursday	984.68

## Mining Down-under looking up

BY MALCOLM DUMPHREYS

SINCE TOUCHING a 31-month low on July 20 of \$105.50 per ounce, the gold price has bounced quite well, bouncing back to over \$114 at one time and closing at \$112.625 yesterday. The South African shares of the metal's producers have fared less well, however, under the cloud of rioting in that country which broke out again this week. The Gold Mines index thus fell to 97.2 yesterday, its lowest since February 13, 1973.

As Lodestar pointed out last Monday, though, there is never total gloom on the mining scene, which enables investors to switch their attention away from an area which shows little sign of reward to one where the attractions are greater. Coming more and more into the latter category is Australia.

### A new deal?

The passing of that country's highly nationalistic Labor administration was greeted with much relief by the domestic mining industry and also by overseas companies and individual investors who expected a more realistic approach to be made to the winning of the earth's minerals by a more enlightened Liberal Government.

On the question of overseas ownership of Australia's mineral deposits, the policy was laid down that this should be on a 50-50 basis with Australian interests, except in the case of uranium where the domestic requirement was raised to 75 per cent. But Federal Premier Mr. Malcolm Fraser said that the policy need not be rigid if insufficient funds could be found for local participation.

By giving the go-ahead this week for the Agnew nickel project in Western Australia despite its high overseas ownership element, in the region of 70 per cent, it would seem that Mr. Fraser is sticking by his word. The Agnew joint venture is London's Selection Trust, with an effective 55 per cent interest, and Australia's MIN Holdings with 40 per cent. The latter company is, however, 49 per cent owned by America's Asarco.

The joint ventures have said that they intend to increase the level of Australian equity

Other reasons put forward for the merger are that a consolidation of financial strength which can be used for the development of existing and new ventures while there will also be a rationalisation of the companies' exploration programme.

CRA is not expected to suffer from the proposed increase in Papua New Guinea company income tax from 33 per cent to 45 per cent, as its 53.5 per cent owned Bougainville Copper mine there is incorporated in the country. It thus already pays the 15 per cent withholding tax which, until now, has been avoided by companies not incorporated in PNG.

What can only be regarded as a detrimental step is the phasing out by 1980 of special tax concessions for the production of gold in Australia, worth about \$12m. (\$3.3m.) a year in recent times. Western Australian Premier, Sir Charles Court, called the move "a body blow to an industry already on its knees" as the Kalgoorlie gold mines are not making enough money to pay tax at the moment. He added that it would

## MARKET HIGHLIGHTS OF THE WEEK

	Price	Change	1976	1976
	Ytd	Week	High	Low
F.T. Ind. Ord. Index	373.7	+7.8	420.8	364.7
F.T. Gold Mines Index	97.2	-16.5	246.9	97.2
Exchange 13 1/2 1976	695 1/2	+ 1/2	695 1/2	693 1/2
Anglo-Transvaal Inds.	76	- 4	165	76
Associated Newspapers	99	+ 7	122	98
Aust. & N. Zealand Banking	482	+27	490	377
Aust. Mining and Smelting	288	+21	300	132
Bonanza Webb	16	- 4	27	16
Commercial Union	126	+10	158	106
General Accident	161	+15	190	140
Laird (John) "A"	73	+ 8	107	62
Morgan Grampian	88	+11	92	44
Oil Exploration	83	+ 8	85	58
Pearl Assurance	200	+12	250	176
Ransom (Wm.)	86	+ 6	90	67
Royal Insurance	290	+12	352	266
Stanleylands	17	- 4	27	17
Tollmache & Cobbold	117 1/2	+17 1/2	117 1/2	78
UBM	46 1/2	+ 6	82	40
Winsor and Newton	103	+30	103	68

## U.K. INDICES

	Average	Aug.	July	July
	week to	6	30	23
FINANCIAL TIMES				
Govt. Secs.	62.11	61.91	62.48	
Fixed Interest	61.60	61.58	62.23	
Indust. Ord.	370.6	371.3	383.6	
Gold Mines	105.0	117.7	115.8	
Dealings mtd.	4,455	4,228	4,711	
FT ACTUARIES				
Capital Gds.	139.16	139.54	144.66	
Consumer (Durable)	121.12	121.54	125.11	
Cons. (Non-Durable)	141.64	143.03	147.40	
Ind. Group	146.21	147.24	152.00	
500-Share	162.98	163.95	168.88	
Financial Gp.	123.13	123.83	129.49	
All-Share	152.42	153.38	158.43	
20-year Govt.	48.47	48.37	48.94	
Red. Debs.	50.44	50.55	50.78	

## TV Radio

† Indicates programme in black and white

### BBC 1

9.00 a.m. Mr. Benn. 9.15 Yoda's Gang. 9.35 Kim and Co. 10.00 The Mole. 10.10 Play Tennis. 10.45 Charlie Chaplin in "The Adventurer". 11.07 Weather. 11.10 Golf: Colgate European Open Women's Invitation. 1.10 p.m. Grandstand: Women's International Cricket (1.15). The St. Ivel Cream Trophy, England v. Australia; Racing from Haydock Park (1.40, 2.05, 2.35). Athletics (1.50). Highlights from the IAC/Coca-Cola Meeting; Golf (2.20, 3.30). Colgate European Open Women's Invitation; Tennis (2.50, 3.30). The Davis Cup: Great Britain v. Italy; Cycling (3.30). The Newmark National Track Championship; 5.05 Final Score. 5.15 The Shari Lewis Show. 5.25 News. 5.35 Sport/Regional News. 5.40 Walt Disney's The Mouse Factory. 6.05 For My Next Trick. 6.25 Saturday Night at the Movies: "Stay Away Joe." starring Elvis Presley. 8.25 Sesame Street, starring Sesha Diste. 9.05 Starsky and Hutch. 9.35 News. 10.05 The Sounds of Scotland. 10.50 Ghost Story. All Regions as BBC-1 except at the following times: Wales—11.10 a.m.—5.25 p.m. Welsh Grandstand: As BBC-1 except—Cricket (11.15, 2.20, 2.50, 3.25). Glamorgan v. The West

Indies: Royal National Elsteddof of Wales (11.15, 12.00, 4.00, 5.25) commentaries, "live" commentary: Rugby (1.50). Transvaal v. New Zealand (highlights). 5.35-6.35 Welsh Grandstand: further cricket and Elsteddof reports. 10.05-10.35 S.W. Y. Ser. 10.35-10.55 The Gun. 11.00 News and Weather for Wales. Scotland—11.40 p.m. News and Weather for Scotland. Northern Ireland—5.45-6.40 p.m. Northern Ireland News; Sport. 11.40 News and Weather for Northern Ireland.

### BBC 2

7.40 a.m.—2.20 p.m. Open University. 12.00 p.m. The Other Reagan: Bedtime for Bonzo, starring Ronald Reagan. 5.55 Westminster. 6.25 News and Sport. 6.35 The Girls of Slender Means by Muriel Spark. 7.35 Festival 40: "Bully Bud," opera in two acts by Benjamin Britten, including 5.45 interval. 10.05 Golf and Tennis highlights. 11.05 News on 2. 11.10 "Storm Warning," starring Ronald Reagan, Ginger Rogers and Doris Day.

### LONDON

9.00 a.m. Play A Tune with Uli Goran. 9.25 Furling on a Shetland. 9.50 Saturday Scene. 9.55 Addams Family. 10.20 The Beachcombers. 10.50 Junior Police Five. 11.05 The Jetsons. 11.30 Super-pop 76. 12.30 p.m. World of Sport; 12.35 International Sports Special (part 1) Show Jumping—

Dublin Horse Show plus Formula One Motor Racing—German Grand Prix from Nurburgring. 1.10 News from ITN followed by Australian Pools check; 1.20 The ITV Seven—1.30, 2.00, 2.30 and 3.00 from Newmarket; 1.45, 2.15 and 2.50 from Redcar; 3.10 International Sports Special (part 2) Speedway—Grandstand. 4.00 White City, London: 4.00 Wrestling; 4.55 Results Service. 5.05 News from ITN. 5.15 Nobody Does It Like Marti. 5.45 Island of Adventure. 6.45 The Saturday Action Film: "Spartacus" starring Kirk Douglas, Laurence Olivier and Jean Simmons. 8.20 News from ITN. 8.45 The Saturday Action Film: "Spartacus" (continued). 10.45 Annanour, starring Charles Annanour. 11.50 The Collaborators. 12.50 a.m. Close. All ITV Regions as London except at the following times: ANGLIA

9.30 a.m. Inner Space. 10.15 Animal Alphabet. 10.45 Play A Tune. 10.50 Tree Top Tales. 11.05 Big Blue Marble. 11.30 Closeboard. 11.35 Planes of the Apes. 2.45 p.m. Play A Tune. 2.50 Face Is Familiar—Where's the Boat? 4.15 a.m. Play A Tune. 4.30 Furling on a Shetland. 4.50 Furling on a Shetland. 5.00 News from ITN. 5.10 News from ITN. 5.20 News from ITN. 5.30 News from ITN. 5.40 News from ITN. 5.50 News from ITN. 6.00 News from ITN. 6.10 News from ITN. 6.20 News from ITN. 6.30 News from ITN. 6.40 News from ITN. 6.50 News from ITN. 7.00 News from ITN. 7.10 News from ITN. 7.20 News from ITN. 7.30 News from ITN. 7.40 News from ITN. 7.50 News from ITN. 8.00 News from ITN. 8.10 News from ITN. 8.20 News from ITN. 8.30 News from ITN. 8.40 News from ITN. 8.50 News from ITN. 9.00 News from ITN. 9.10 News from ITN. 9.20 News from ITN. 9.30 News from ITN. 9.40 News from ITN. 9.50 News from ITN. 10.00 News from ITN. 10.10 News from ITN. 10.20 News from ITN. 10.30 News from ITN. 10.40 News from ITN. 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News from ITN



# Your savings and investments

The FT Industrial Ordinary Share index has been nudging the Year's low this week. The views of fund managers on the prospects of the equity market and their current investment policies is discussed by Eric Short.

## Waiting on events

RECENT new issues highlighted the important role at financial institutions play in the present equity market. The reasons why these launches are not a success have been discussed at great length, but the feature was the weakness of the equity market itself. Following the Government's recent package of proposed public spending cuts and additional company taxation by means of higher employers' national insurance contributions.

But with the equity market very close to the year's low point, the question uppermost in investors' minds is: are opportunities cheap at this level and, so, should they be seriously considering investing again in the market? So we phoned around the fund managers to find out what they feel about the equity market and how they are investing their new money.

The view taken by the managers of the Slater Walker unit trusts is that the big question is whether the Government is efficiently in control of the economic situation to be able to interest rates come down. In their view this is the key to the current market situation. Meanwhile they are waiting on the sidelines to see which way the all bonuses with approximately 20 per cent. liquidity this is up on the 15 per cent. level which was the case seven years ago.

There are no specific feelings about individual sectors since the group is not a positive investor at the moment. The SW view is interesting from the angle that the SW unit trusts were more attuned to the bear market in 1974 than the subsequent recovery in 1975.

Hill Samuel on the other hand takes a more positive stance. Bearing in mind the recent bearish, cheerful of stockbrokers, the group is still "sticking to its guns" in a fully invested position. The managers believe that the economic situation is improving and that the fundamental values of shares are still attractive—presumably leaving the market with a further leg. It particularly stresses the financial sector—properties, insurance companies, and investment trusts.

The stance taken by Barclays Unicorn is that taking up rights issues of quality stock uses most of the new money available. The managers consider that there are some attractive yields available in the extra yield fund. The managers have also reorientated their portfolios moving away from the growth stocks into the good quality high yielders. Dividend yield not expected earnings is now the prime investment criterion, and the funds are still after blue chips with large overseas business.

With the traditional life companies the position is somewhat different. Their investment choice is somewhat larger and influenced by different factors. The fund managers can choose between equities, property and fixed interest and the portfolio mix is influenced by the monetary nature of their liabilities. Last year the great majority of managers put a large proportion of their new investment money into gilt-edged to take advantage of the historically high reverse yield gap. The policy seems to have been continued this year, the yield gap still being sufficiently attractive for gilt-edged investment.

No fund manager with a life company was willing to be quoted, but in a few funds gilt-edged investment was being made to strengthen the matching position in order to comply with new insurance valuation regulations. There appears to be little evidence of more than selective equity investment other than taking up rights issues. Most managers stated that this was absorbing almost all money allocated to equity investment.

They thought that the equity market had a tired look about it. The improved earnings of companies they considered would prevent the market falling any lower, but there was nothing expected that would inspire confidence to set prices climbing rapidly upwards. The general view, like that of the trust managers, was a slow rise over the rest of the year and the consensus was that the index would creep above 400 by end-December.

## Rescue delays

POLICYHOLDERS WITH life insurance companies that have run into financial trouble are discovering that it takes a considerable time to get a rescue. The time taken to actually launch the rescue is a long one. We have tried to keep a list of great investors informed on the progress to date but often there is very little to report that will be of potential add to their despondency.

The anniversary of the application for the liquidation of Prudential Life, which occurred on the 1st of August, was celebrated by the announcement that the one-time high Court hearing is being adjourned yet again this time until October 11. However, a rescue scheme has been drawn up which will eventually provide a 100 per cent. reversion for the policyholders. No details have been given, but it seems that it will take longer to satisfy the demands of trade creditors than policyholders.

Still this will ultimately be more beneficial to policyholders than liquidation when they would only get 50 per cent. of their benefits under the Policyholders' Protection Act and a new life insurance has been thrown to investors in the form of interim payments for contractual benefits at 70 per cent. of the amounts due. In this respect the Special Manager informs that several policyholders entitled to payment have not completed the appropriate blue form which would enable the manager to make the necessary payments. Otherwise he is up-to-date with claims.

The position with Capital Annuities is that the liquidation petition has also been adjourned, this time the reason being that the Policyholders' Protection Board wish for further time to consider the case. I know that the Board is sailing in uncharted waters and therefore has to proceed with care but it will reassure policyholders if it could speed up procedures somehow. Meanwhile, I am informed that the final details of an interim payment scheme should soon be completed and the Special Manager hopes to start payments of contractual benefits at 70 per cent. of the amounts due from September 1st. I would emphasise that these interim schemes do not allow policyholders to cash-in their contracts. They are still locked in. Finally, the patience of policyholders with London, Indemnity and General is to be rewarded. The rescue consortium, Insurance companies have last drawn up a scheme of arrangement setting out the terms under which it will take over the liabilities of LIG. Details are being made public on Monday.

It has already been fore-shadowed that existing benefits will be cut back under many contracts to 80 per cent. of the existing level. What is possibly more important is that once the scheme has been agreed policyholders will be able to surrender their contracts if they wish. The scheme will need the agreement of the majority of policyholders and they would be well advised to accept the terms offered unless they are unreasonable.

THE NEWS that the support of 20 civil servants assigned to the Voluntary National Savings Movement is to be withdrawn has caused a big shock to Sir John Huston, chairman of the National Savings Committee. After all the protestations by the Government about the voluntary movement doing a "great job" last year, what the Treasury really said to the volunteers is: "We are withdrawing all your professional support. When you have worked out how to continue without full-time civil service support come back and let us have your proposals." It must mean a shrinkage in the movement which, following the cut in the Jubilee Bond, comes as a second blow to the Movement.

But, clearly with an eye on the future, the intention is that special facilities in schools and places of employment should be maintained and the underlying rate of interest on premium bonds is being increased from 5 1/2 to 5 3/4 per cent. The top monthly prize being raised to £100,000 and the proportion of £50 prizes being increased. Also the minimum amount of bonds which may be purchased is being raised from two to five £10 notes in line with Page's recommendations.

One point raised by a reader has just inherited £3,000 concerns the best method of investing in premium bonds. There is more chance of winning by investing in one lump or by buying over a period? The short answer is that the chances are exactly the same except that investing over a period means that the time never to have recovered.

## National savings

THE PATTERN of unit trust performance which was struck at the beginning of this year seems to persist month after month. According to Planned Savings figures the top performers over the past seven months are the funds investing in America. They take 9 of the places in the top 10, and 6 American "having pride of place" with a gain of 29.9 per cent., including net reinvested income. But over the past couple of years income funds predominate (taking 7 out of the top 10 positions for the past year) and for the longer periods commodity and overseas funds are in the ascendancy.

With 227 trusts beating the All Share Index over 7 months, the trusts mostly seem to have got their timing right, but this is not saying much in view of the fact the index is down by over 2 points during the period. It is interesting to see that Target Preference (normally a non-starter in the performance stakes) is up in the top 20, obviously aided by its high income. At the bottom of the list are the few real disasters in performance terms unless it is Slater Walker Minerals (down by 35.8 per cent.) which at the chances are exactly the same except that investing over a period means that the time never to have recovered.

## U.S. best

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# Insurance shares look bright

BY ERIC SHORT

INSURANCE SHARES, apart from the brokers, have been consistently in the doldrums this year, with both life and composite sectors well underperforming the All Share index. But general insurance business is cyclical by nature and the signs indicate a strong upturn in the cycle for most composites. With the Commercial Union leading the field in bringing out its half-yearly figures on Monday, it is perhaps opportune to look again at the prospects for the insurance companies.

The most cheerful portent is that the U.S. insurance market is at last getting it right after two years of high underwriting losses. The results published so far by the major U.S. insurance companies at the half-yearly stage show that the second quarter results are very good following on first quarter figures that were extremely disappointing. The results of four leading companies show operating ratios (the ratio of claims and expenses to premiums) down to the 95-97 per cent. range compared with 106-108 per cent. for 1975.

There has been a massive re-trenchment operation by all insurers in the U.S. with large rate increases being approved and unprofitable business being pruned. The effects of this are now beginning to come through the accounts and the experts feel that this time it is not a false dawn. Automobile rate increases have been approved in the range of 30-40 per cent. which should prove adequate to cover underwriting deficiencies. The commercial lines and liability business are also looking better.

The composites heavily involved in the U.S. market and thus likely to benefit from this improvement are CU, General Accident and Royal. The half-yearly figures from CU are being awaited with more than

COMPOSITES	Price p	High p	Low p	Yield %
Commercial Union	126	158	106	8.3
Eagle Star	116	144	106	6.6
General Accident	158	190	140	5.6
Guardian Royal Exchange	185	225	175	6.9
Phoenix	204	240	184	6.4
Royal	290	352	266	7.1
Sun Alliance & London	403	470	370	6.3
LIFE COMPANIES				
Britannic	124	156	120	9.3
Equity & Law	132	184	128	6.3
Legal & General	111	148	104	6.4
London & Manchester	96	140	92	7.4
Pearl	200	250	176	7.9
Prudential	120	146	109	6.9
Refuge	108	130	100	9.7
Sun Life	70	98	66	6.1
HAMBRO LIFE	214	235	204	9.9

usual interest, but investors must remember that it is not the absolute comparison between the results this year with those of last year that has most significance but the trend in the quarterly figures over the past four quarters. The forecasts are still for these three companies to have unchanged or higher underwriting losses overall at the six-month stage.

The trend for Phoenix in its U.S. operations is however not so good. It operates in the U.S. through Continental Insurance and this company is the only one so far to turn in poor second quarter figures. But the overall picture of the U.S. market is steady improvement, with underwriting profits possible some time next year.

The outlook in the other major territories in which U.K. composites operate is mixed. The improvement in business in Australia and Canada is now showing through strongly in the

companies like G.A. GRE and Eagle Star with a large part of their business arising in the U.K.

Business in Western Europe suffers from too much Governmental control. Rate increases take an appreciable time to be authorised, so that corrective action to adverse experience takes years to show through in the results. Companies heavily in Europe are CU, Sun Alliance, Phoenix and GRE.

The big saving grace of the composites, however, still remains the buoyant investment position. The recent rapid world-wide inflation has resulted in much higher premiums being paid and the high returns on short-dated investments have enabled companies to expand their investment income so that underwriting losses are more than offset. The collapse of the equity markets in 1974 have caused companies to be much more liquid and though interest rates have fallen somewhat the increase in fund size is such that investment income should continue to grow.

Overall, the U.S. specialists—CU, G.A. and Royal show the best growth potential, though in the case of G.A. this may have been fully discounted in the price. But all composites are showing yields above the average of the All Share and the companies have a record of steady dividend increases up to the maximum permitted. CU maintained its dividend last year despite recording a pre-tax loss.

The reaction of the market to the Hambro Life launch has so far been disappointing. Investors should remember that this company, with its concentration on unit-linked business, represents a more volatile operation compared with traditional life company operations, and its profits are geared to new business performance.

## Unpopular

Life shares have this year performed even worse than composites and it is difficult to ascertain a particular reason for this lack of popularity. In 1974 when inflation was rampant and stock prices collapsed, investors' fears were that this would result in rapidly escalating expenses and falling new business. There were also fears that the Government's pension proposals would result in a dramatic fall in pensions business.

In fact the reverse has occurred. New business in 1974 and 1975 on average kept pace with inflation, especially with the traditional companies. Expenses were inflated but new business margins were sufficient to cope with the increase and now inflation is coming down. On the pensions side, it now looks as if the private sector can operate within the Government's proposals. The investment policy of companies has been strongly inclined towards gift investment so that current returns have risen rapidly in the past two years.

It looks as if the sector is still suffering from adverse sentiment and that shares are undervalued at present. The one problem area is industrial door-to-door business. Those companies transacting this business—the Prudential, Pearl, Britannic, Refuge and London and Manchester are finding it very expensive to administer and profits from this source are likely to be curtailed. However, the actuary's method of determining life company profits is very conservative and results in a steady release of profits. The prospects for increases in future dividends are good and life companies have an excellent track record.

# A World of Growth Opportunities

## GARTMORE INTERNATIONAL UNITS

"Do not wait for the bandwagon; anticipate the trend." Such is the maxim for investment success. And this could be the right moment to take action.

It is a time of solid but still cautious optimism. The caution, you may feel, enhances the opportunity. But there is no mistaking the optimism: world trade is predicted to rise by at least 7% by the end of the year; and on the world business scene, terms like 'turnaround', 'recovery' and 'bottoming out' are almost everyday reading.

WITH THIS opportunity—indeed, arising from it—there is one compelling need: the need to be flexible; to be able, at short notice, to move investments from one economy to another, from one country to another, from one situation to another.

## Opportunity; and need

It is this combination, of opportunity and need, that makes such a powerful case for Gartmore International Trust. Although it has such depth of management experience behind it, it is 'light on its feet'; when it is tactically right, the Managers can swiftly alter the fund's investment balance.

FOR REASONS of timing, of expertise, and of a prudent investment spread, there is no substitute for full-time, professional investment management. This we can offer—with the benefit, too, of a unit trust's considerable tax advantages.

## Consider the two largest sectors

IN THE USA, first-quarter statistics were excellent. Consumer spending rose substantially over the previous quarter, and the general economic performance exceeded forecasts. In anticipation of these figures the stock market moved ahead strongly which inevitably led to a period of consolidation. However, due to higher profit and dividend forecasts for the balance of 1976 and 1977, lower interest rates and a reduction in the rate of inflation, now could be the time to buy.

HONG KONG, as well as having a 'shop-window' economy of great natural vigour, is at the centre of a worldwide network of

communications, shipping and aviation. It has a stable currency backed by substantial reserves, and flourishing commerce and industry. Domestic exports for the first 6 months of the year are 50% up on 1975 and GDP is growing at 9% or more.

BUT ALL this is not to say that Europe is being ignored. 16% of the portfolio is invested in UK and other European shares. Overall the spread is

USA 40.6%	Japan 8.2%
Hong Kong 24.2%	Others 15.1%
UK 9.7%	Cash 2.2%

THESE proportions will vary as investment conditions require. Additionally, we have negotiated a back-to-back dollar loan for part of the fund which mitigates, where applicable, the effects of the dollar premium whenever we purchase or switch investments within the portfolio.

## Above-average growth

THE AIM and purpose of the fund is to provide above-average capital growth. The

estimated current gross yield of the fund is 1.99%. We do not, however, make dividend distributions as all income is retained within the fund to purchase further investments, so the value of units can grow more quickly.

## The offer

GARTMORE International Units are on offer at the fixed price of 29.0p. until 13th August 1976.

YOU SHOULD regard your investment as long-term.

THE PRICE of units and the income from them can go down as well as up.

## Cash not essential

IF IT IS NOT convenient for you to lay out cash at once, you can take advantage of this growth opportunity by exchanging your shares for units at the specially favourable terms available under this scheme.

FOR DETAILS of this, return the coupon with a tick in the 'Share Exchange' box.

## The Gartmore Credentials

WHAT MAKES GARTMORE SO POPULAR WITH PROFESSIONAL INVESTMENT ADVISERS?

The first public offer of units by Gartmore Fund Managers Ltd. was made in March, 1975.

Since that date, nearly two-thirds of the money subscribed has come not directly from the public but through stockbrokers, banks, solicitors and other professional advisers; men whose job it is to advise clients on investments.

Why do they so pointedly favour Gartmore?

The reason is that Gartmore is an established City institution—with all that that name implies.

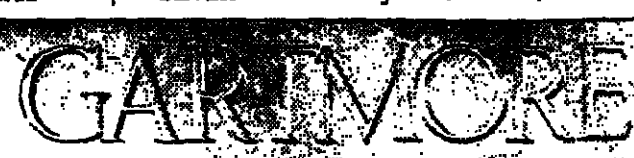
Although "the City" is an international byword, the big City institutions and the big City firms, which are its component parts, are generally almost unknown outside the Square Mile. They may be old-established; they may be as solid as rocks and even by their own terms, famous. They may handle millions of pounds a week, every week of the year. And yet, to the man in the street, their names probably mean nothing.

Gartmore Investment is just such a

company. Its business is investment management and it currently manages over £400m. of funds for investment trusts, insurance companies, private clients' accounts and pension funds of both private and public companies. These funds are spread over every major stock market in the world.

Gartmore Fund Managers Ltd. is a subsidiary of Gartmore Investment Ltd. It currently manages eight Unit Trusts valued at £16m.

It is with this authority behind us that we offer our International Units to the British public.



This offer closes on 13th August, 1976 but may be closed earlier if the current offer price differs from the fixed price by 2 1/2% or more.

After the close of this offer units will be available at the daily quoted offer price and yield published in most newspapers.

Applications will not be acknowledged, but applications will be forwarded by the Managers by 24th September, 1976.

You can tell your units back to us at any time after the minimum bid price on any dealing day; you will receive a cheque within seven days of the Managers receiving your redemption certificate.

Units are accumulation units. You will receive a statement on the 15th December each year showing the amount of net income transferred to the capital account. Income can be withdrawn from the Income Reserve if you are entitled to do so.

A management charge of 5% is included in the price of the units. Out of this the Managers will pay commission of 1 1/2% to authorised agents. There is an annual charge of 1% (plus VAT) of the value of the fund which is deducted from income, and which is already allowed for in the estimated current gross yield.

The Trustees are Gartmore Fund Managers Ltd., 2 St. Mary Axe, London EC3A 8BP. Telephone: 01-263 3931. (Members of the Unit Trust Association.) This offer is not available to residents of the Republic of Ireland.

Fill in the coupon and send it now. To: Gartmore Fund Managers Ltd., 2 St. Mary Axe, London EC3A 8BP. (Regd. No. 1137263.)

Units are on offer at the fixed price of 29.0p. each until 13th August, 1976, giving an estimated current gross yield of 1.99% per annum.

If we should like to buy Gartmore International Units to the value of

£ (Minimum initial investment, £200.)

If we enclose a remittance, payable to Gartmore Fund Managers Ltd.

If we declare that I am/we are not resident outside the UK or Scheduled Territories and that I am/we are not acquiring the units as the nominee(s) of any person(s) resident outside the UK or Scheduled Territories. (If you are unable to sign this declaration it should be deleted and your application lodged through an authorised depositary.)

SURNAME (MR. MRS. MISS) FIRST NAME(S) IN FULL ADDRESS SIGNATURE(S) (If there are joint applicants all must sign and attach names and addresses separately.)

## Tick Box:

☐ If you want to know how to buy Gartmore International Units on a regular monthly basis.

☐ If you would like details of our Share Exchange Service.

☐ If you are not resident outside the UK or Scheduled Territories and that I am/we are not acquiring the units as the nominee(s) of any person(s) resident outside the UK or Scheduled Territories. (If you are unable to sign this declaration it should be deleted and your application lodged through an authorised depositary.)

SURNAME (MR. MRS. MISS) FIRST NAME(S) IN FULL ADDRESS SIGNATURE(S) (If there are joint applicants all must sign and attach names and addresses separately.)

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# Insurance

**BY OUR LEGAL STAFF**

Generally speaking, Insur offers to pay in for currency concern only t bills which they are asked settle direct with doc medical authorities and so If you are short of cash to such bills you can phone telegraph your insurers, if they have a European organization with a local office you get finance locally; in the event you will, of course, to prove your identity, pro your policy or certificate comply with any other requirements of the local office.

BY JOHN PHILIP

Incidentally, if you are using the EEC medical expense scheme, it is usually as we show your insurance policy the local doctor or hospital because this will probably give you a guarantee that you yourself that the fees will be paid.

Of course, if you are on package holiday, the problem is that you have no policy certificate to refer to or to show to anyone else: tour operator still do not provide this as they should in this respect if not in your hotel, at least within a few miles should tour operator have a representative who can inform you of cover you have, of what you must do to claim and of how you can set the claims machine motion. So if you are a paid holidaymaker, this local representative should be your line of insurance help in case of trouble.

supply than if they are all to get really dry. They are container plants and can be taken inside for the cold period from Christmas to end of March after which they are sufficiently hardy to after themselves.

supply than if they are all to get really dry. They are container plants and can us be taken inside for the cold period from Christmas to end of March after which they are sufficiently hardy to after themselves.

Pelargoniums, which su drought so much better, fuchsias, are more sensitive frost and really do need in ter some well lighted sit in which the temperature i drops below 7°C. Given th is possible, over a perio two or three years, to de really big bushy plants y can make a handsome con tion to a patio all summe to grow the ivy-leaved var over wire frames or up t work to make a Riviera background. The old pink eties Madame Crousse Galilee are still as good as

Less familiar but very for covering openwork se and trellis work is *Evea carpos scaber*. So fast do grow that many people tr as a half-hardy annual ra it anew from seed soon. February or March. In fact a perennial that will with a little frost and even if e ground level in winter usually sprout up agai spring from its rather f roots. I know of few clin that will bloom for a lc period, more or less no from May to October if c tions are favourable, as they been this year. The flower tubular and orange colou though the precise shade vary a lot from yellowish very red orange. The grow slender, the leaves finely di and the plants climb by teni It produces seed freely where it feels at home r dices itself by self-sown s lings which can be usef nuisance according to ones tude to such things.

A. G. L. HELLY

Russian phobia of the I when it was patented in land this was changed to Billiards. It is still a staid pub game (with nowadays, minutes play costing 5p); there are leagues in different parts of the country, but many pubs particularly in North its popularity since has receded before the still oncoming tide of Amer Pool.

Every conceivable & played within or outside a from darts to dominos quints to skittles rates a pag

two in Mr. Taylor's production nor does he neglect such of his past-times as Trapp played in Kent's Conquer Cuddling in Dorset.

He tells not only of regatta but also names the actual place where the tradition of certain esoteric games survives. He is tolerant of such innovations, the Fruit Machine and he includes with the latest craze, all Video Games. "I have," he confesses, "been unable to pinpoint the exact historic moment and location when and where the first English pub echoed the subdued but compelling bleep and burp of TV Tennis but it must have been within the last two years at least, I know the games are so widespread that one major American company is claiming the British market is more or less exhausted."

Whatever they come up with next we may be sure Mr. Taylor will be there.



















## NEW ANALYSIS—THE LASSA SCARE

## Fever without favour

BY DONALD MACLEAN

THE LASSA FEVER, which is believed to have put only about 100 people into hospital over the course of four West African countries in 1975, is now being treated as a serious disease in 1976, in creating a scare that seems out of proportion with the underlying threat.

The scare has been strengthened to some extent by the Government's decision to rush into effect powers to force people suspected of having the disease to undergo tests—necessary as such powers may be after the recent discovery of a case in the U.K. and the initial refusal of a laboratory technician who had worked on the case to be tested for infection.

The Government, in addition, has found it necessary to draft advice on the subject for health authorities. This may be said to offer suggestions on the methodology, as it covers such things as how to clean or destroy the clothing of people treating patients at one level or another, the degree of alcohol needed for skin disinfection before breaking into a patient's vein, as well as precautions in cases of burial or cremation.

## Comforting

Beyond issuing this advice and rushing to legislate powers to make people undergo tests, there is not a great deal of new action that the Government can do—but, on a comforting note, this is largely because checks against the entry of diseases such as smallpox, cholera, and typhoid, have equally well against Lassa fever.

As a matter of course, people arriving at ports and airports who are obviously ill are seen by a doctor. Travellers from areas where there is a particular risk of their bringing in a disease such as Lassa fever are given a yellow card to hand to their doctor should they become ill in order to alert the doctor to the possibility of a particular disease having been contracted.

A problem with Lassa fever, however, is that the incubation period is thought to vary from three days to three weeks, though it has been found to be usually seven to ten days. So the chances of a traveller, in days of fast travel, not becoming obviously ill during his journey to the U.K. are considerable. The extent of the Lassa fever

scare has been such as to bring angry remonstrations from health service workers' unions—and it is easy to see why. The disease is a reputation of being one of the most deadly known to man and one of the most highly infectious.

Each of these concepts needs examination. Early last year the Lancet said that the mortality rate for Lassa fever of 45 per cent, which had been quoted in the early epidemics in West Africa, there was a reported death rate of 33 per cent to 67 per cent, was almost certainly higher than the real one.

There is strong evidence to support this viewpoint. In West Africa—where the disease is stored by local rats—there are areas where you have to be extremely ill to obtain a hospital bed.

Mortality rates based on hospital figures in West Africa, thus, may be expected to convey a distorted picture. It is likely, according to one source, that most human infections of the disease are mild, and that the most severe cases have so far come to light.

In short, it is possible that Lassa fever for many years has been endemic in West Africa in much the same way as bubonic plague is endemic in various parts of the world.

Behind the present scare, however, is the fact that there are only two known ways that hospitals can treat it. The first—if it can be called treatment—is that of "nursing and hoping," a method applied to various diseases in the past.

The other is to use "convalescent plasma," taken from a patient recovering from the disease, to strengthen the resistance of a new victim.

The number of Lassa fever cases reported in this country is still very low.

Behind the scare is the fear of the unknown, and the fear of a disease that is difficult to treat and for which there is no prophylactic vaccine, though research continues internationally.

There is also the relatively high rate of infection at the primary stage of transmission from one person to another, and for this reason the concern expressed by the Association of Scientific, Technical and Manage-

ment Staffs and by the National Union of Public Employees over the exposure of hospital workers to a recent case at St. Mary's Hospital in London, can be readily understood.

It seems that in general the disease is self-limiting. While a rat may infect a man, and that man may infect another man relatively easily, the chances of the second man infecting a third appear to be lower—and so on.

In addition, the publicity given to the recent London case of the fever can be expected to strengthen the alertness of health authorities and medical staff to the possibility of Lassa fever being the cause of what is known medically as "pyrexia of unknown origin"—or to put it in other terms "unidentified fever."

It must be said that a clear idea of how infectious the disease is, is not yet possible. This applies not just to person-to-person infection, but also to rodent-to-rodent.

Fortunately, the West African rat that is the known reservoir, does not seem to be a great traveller—though one is said to have arrived in this country once in an aircraft. Under laboratory conditions, while mice and guinea pigs have been found to be liable to infection, but the common house mouse and the black rat have not.

## Recovered

● The 33-year-old Sheffield engineer, Mr. Ronald Sutton, who was recently confirmed as having Lassa fever, has recovered in Coppetts Wood Hospital, London and is likely to be released next week.

Two people who had been in contact with him and who have also been in contact with the patient, are thought not to have the disease.

One is the laboratory technician who initially declined tests, the other a man who shared a ward with Mr. Sutton at St. Mary's Hospital.

In Birmingham, a Lassa fever suspect—a Nigerian businessman—left hospital yesterday having been found not to have the disease.

A 51-year-old housewife suspected of having Lassa fever was "improving" in a Liverpool hospital.

## Loyalists heckle Rees in Lurgan

BY GILES MERRITT IN BELFAST

AN ANGRY reception from a heckling "Protestant" crowd greeted Mr. Merlyn Rees, the Northern Ireland Secretary, when he made a brief and unannounced visit to Lurgan, Co. Armagh, yesterday.

His trip followed recent incidents in Lurgan in which one policeman was killed and two others injured. As Mr. Rees left the police station after a 15-minute security briefing, a crowd of about 100 booed him and thumped on the roof of his car.

But it is not Loyalist opinion that will be worrying Mr. Rees this week-end so much as the threat of fresh eruptions of Republican violence.

Monday is the fifth anniversary of the introduction of internment in Ulster, and security chiefs fear that the militant Republican city centre.

leadership may exploit the event as part of its continuing campaign against Mr. Rees's placing out of special category political status in Northern Ireland's prisons.

A number of Republican demonstrations are due to take place over the week-end in West Belfast. Each carries the risk that it could ignite the increasingly tense atmosphere here into open conflict.

Provisional IRA prisoners in Long Kesh are also reputed to be on the verge of defiant demonstrations inside the prison to highlight their dispute with the authority over alleged harassment.

Following Thursday's spate of bombings in Central Belfast, two people were slightly hurt of the introduction of internment yesterday afternoon in a minor in Ulster, and security chiefs fear that the militant Republican city centre.

## Interim report on power stations by Think Tank

FINANCIAL TIMES REPORTER

AN INTERIM REPORT from the "Think Tank" on the problems facing Britain's major suppliers of power-generation equipment has been given to Ministers on time, it was learned yesterday.

The report, ordered in June from the Central Policy Review Staff by the Government, is understood to be extremely preliminary in its content. Firm recommendations will be made only in the full review, due in the autumn.

The review is made as a matter of urgency because of the recent dearth of orders to the suppliers. It has every prospect of continuing. Four

companies in particular will be covered: Babcock and Wilcox, the Glasgow-based firm; the boiler-makers; and the turbine-generator subsidiaries of GEC and Reynolds Parsons.

Several bodies representing the turbine-generator industry have said that its very existence will be threatened unless orders are brought forward. Apart from any such short-term action by the Government, the Think Tank will examine ways in which the industry could be rationalised to remove the burden of chronic over-capacity, but without making it incapable of meeting a possible surge of orders in the early or mid-1980s.

## Hamilton withdraws Commons attack on Lonrho chiefs

MR. WILLIE HAMILTON, Labour MP for Central Fife, apologised "unreservedly" yesterday for an attack he made on Thursday on Mr. Edward du Cann, chairman of the Tory 1922 Committee and a director of Public Prosecutions, who had Lonrho, who defended the company's actions.

Mr. Hamilton said: "They are a bunch of crooks running Lonrho and every one of them ought to be in Brixton Prison."

Yesterday, after a complaint from Mr. Du Cann, Mr. Hamilton told MPs: "I regret very much what I said. I understand matters are in the hands of the Public Prosecutor and I unreservedly withdraw."

Mr. Du Cann accepted Mr. Hamilton's apology.

When the Lonrho affair blew up in a late night Commons debate on Wednesday Mr. Stanley Clinton Davis, Trade Under Secretary, said the case had been referred to the Director of Public Prosecutions, who had asked the police to investigate certain matters.

Mr. Du Cann told Mr. George Thomas, the Speaker: "By implication they (the remarks) must refer to the Board, directors, any such short-term action by the Government, the Think Tank will examine ways in which the industry could be rationalised to remove the burden of chronic over-capacity, but without making it incapable of meeting a possible surge of orders in the early or mid-1980s."

Mr. Du Cann was not in the Commons at the time of Mr. Hamilton's attack.

The Speaker warned MPs that any reflection on the personal honour of any MP was entirely out of order and should not be made.

"I deprecate any reflection on the integrity of anyone in this Chamber."

He warned that MPs should be careful too about the language they used of people who were not MPs.

Lonrho welcomed the Speaker's comments. Mr. Paul Spicer, a senior Lonrho executive, said: "This is very important. We hope what Mr. Thomas has said will be widely followed."

## BBC offers deal for Parliament

THE GOVERNMENT will pay about £55,000 to put Parliament on the radio, while the BBC itself is willing to pay an initial £400,000 and annual bills of about £275,000.

Mr. William Price, Privy Council Secretary, said yesterday in a Commons-written reply that the Government would pay for the provision of commentary boxes in the Lords and Commons, while the BBC had offered to pay for equipment and running costs.

Parliament had still to decide between the BBC's offer and the Independent Broadcasting Association's suggestion of a sound production unit set up by Parliament itself with the coupons of the BBC paying only running costs.

## Allaun urges rethink on housing cuts

MR. FRANK ALLAUN, Labour MP for South Down, urged his party's housing committee to ask the Government to "think again" over its plan to cut council house building.

As a row broke out in the Labour Party over the cuts he said last night he would be raising the issue with the national executive.

"The Welfare State is at risk. It must be defended with vigour by all sections of the Labour and trade union movements."

The cuts were "devastating news for families on the housing list and would meet with heavy opposition from the TUC and Labour Party conferences this autumn."

Parliament had previously been told that expenditure would be cut back until next year, but it was now clear that housing cuts would start this year.

"This is a complete reversal by the Government of its previous policies of allowing, and indeed encouraging, local authorities to build as many homes as they could."

## OVERSEAS NEWS

## Lebanon snipers shoot wounded and Red Cross

BEIRUT, August 6.

THE INTERNATIONAL Red Cross (ICRC) suspended its evacuation of wounded from the Palestinian refugee camp of Tel al-Zatar today after its workers came under sniper fire while lifting victims on to trucks near the besieged enclave.

One Red Cross driver was wounded by a sniper's bullet and an unknown number of the wounded in the trucks were also hit. ICRC chief representative Jean Hoefinger said.

Red Cross officials had to shelter under the vehicles for half an hour before driving to safety with about 35 wounded aboard two trucks.

Earlier today 200 people from inside Tel al-Zatar swarmed the Red Cross loading point at a nearby football ground, hoping to leave the camp under Red Cross protection.

Three Red Cross vehicles had already reached the ground as an advance party. The main convoy remained behind the lines of attacking Right-wing forces while camp gunmen and Red Cross officials tried to restore order.

Three women and four children managed to run to a Red Cross van driven by the Right-wing liaison officer, who drove them to a Right-wing command post. The women said Palestinian leaders in charge of Tel al-Zatar had threatened to shoot civilians who tried to escape and had fired at them as they ran from the camp.

A Right-wing officer said about 1,000 civilians had already escaped from the camp since the siege began and had been sent to Syria, the Bekaa valley, or to Left-wing controlled west Beirut.

When the confusion on the football ground died down, two ambulances were filled with wounded, mainly women and children. They drove off to wards West Beirut, sirens wailing, escorted by Right-wing gunmen.

Each side accused the other of firing, but one Right-wing officer indicated that he thought unruly gunmen under his command might be responsible.

After half an hour crouching beside their trucks, clearly marked with Red Cross flags, the rescuers were able to climb aboard and drive back to Right-wing lines. One truck arrived at the Right-wing command post in Jis al-Basha with three haulier holes in the windshield. Another had completely shattered windshield, and flying glass had slightly injured the Swiss driver.

Reuter

Isaan Hijazi adds: The Lebanese malaise deepened today as yet another ceasefire was unheeded with rockets and shells falling on residential areas of Beirut indiscriminately. Civilians on Moslem and Christian sides had hardly kept their last night of artillery and mortar shells and ground-to-ground missiles hurled over their heads.

The new truce, the 54th since the civil war began 18 months ago, was supposed to have gone into effect yesterday, but the fall of a whole Moslem quarter in the south-eastern outskirts of Beirut to Right-wing forces has not only short-circuited the Arab League-sponsored truce but also injected additional tension into the general atmosphere.

Meanwhile, Dr. Hassan Sabry at Kholy's special envoy of the Arab League here, held intensive talks today with Right-wing, Left-wing and Palestinian leaders in an effort to save the ceasefire.

The stationing of Arab peace-keeping forces on the confrontation lines as was stipulated in the ceasefire agreement, did not take place today because of continued fighting.

Nor did a meeting by a joint Palestinian-Syrian-Lebanese committee to supervise the truce materialise. The committee was to have met yesterday at the mountain resort of Sofar about 13 miles east of here.

A Right-wing team and a Palestinian delegation were planning to go to Damascus today for additional talks.

## Kissinger in Iran talks

BY ROBERT GRAHAM

TEHRAN, August 6.

U.S. SECRETARY of State Dr. Henry Kissinger, who is likely to come from the Secretary of State's two-day visit here. However, the Iranians are anxious to have the U.S. Administration's views clarified on arms sales as a result of the recent publication of the Senate Foreign Relations Committee's report. The report said that U.S. arms sales totaling \$100m. over the past four years had got out of control and posed major foreign policy considerations for the U.S.

Observers here emphasise that nothing substantive is likely to come from the Secretary of State's two-day visit here. However, the Iranians are anxious to have the U.S. Administration's views clarified on arms sales as a result of the recent publication of the Senate Foreign Relations Committee's report. The report said that U.S. arms sales totaling \$100m. over the past four years had got out of control and posed major foreign policy considerations for the U.S.

## French, S. Africa N-deal

A contract for the construction of two 920-megawatt nuclear reactors in South Africa was signed yesterday by officials of the South African Electricity Supply Commission (Escom) and the French consortium which will build the plants, a joint company set up by the two governments.

The value at \$1bn. was won after the South Africans suspended negotiations with U.S. and Dutch firms. Participants in the consortium are Framatome, Alsthom, Spie-Batignolles and Fréget.

Last week the French and South African officials initiated a control and guarantee agreement which is to be submitted to the International Atomic Energy Agency in Vienna. The IEA should ensure that the power stations will be used only for peaceful purposes.

Ankara and Athens have issued rival petroleum prospecting licences covering a wide area to the east and south of Limnos but it was not clear whether the survey ship would try working in this particularly sensitive zone.

those two countries established relations last month. These include a "non-aggression" clause plus agreement to promote regional cooperation and make South-East Asia a zone of "independence, peace and neutrality."

## Aegean patrols

Greek naval units have resumed patrols in the Aegean where a Turkish exploration vessel is suspected to prospect for oil later today or tomorrow, an authoritative source said in Athens.

The bulk of the fleet is reported near Greek islands close to the Turkish Anatolian coast. Rfidain shrdlu cmfwy etao

## Opec package

Finance Ministers of the oil exporting countries put the final touches to Vienna yesterday to a \$800m. fund to be distributed among some 45 developing nations. They also reportedly compared notes on the rate of inflation in the industrialised countries, as a yardstick for future adjustments of the oil price.

The Ministers met in Vienna for the first time since last December's terrorist attack, in which three people died and nine Ministers were taken hostage.

## Missile ships

Israel's shippards will deliver the first of two Star-class missile boats to the South African Navy by next January. Tel Aviv national radio said yesterday.

Fifty South African officers posted in Haifa with their families are undergoing training on the craft, the bulletin said.

As part of the bilateral deal, Sandhook-Austral shippards, near Durban, will begin to manufacture Israeli-designed Dabur coastal patrol-boats under licence.

The two Governments were also reported to have agreed that South Africa will supply unspecified raw materials to Israel's military industries.

## Thai-Viet ties

Thailand and Vietnam agreed to resume diplomatic relations yesterday following the four-day visit to Hanoi of a 16-man Thai delegation led by Foreign Minister Bhichai Rattakul.

Rattakul, writes Richard Nations, from Bangkok. The two sides agreed upon the same four principles as the Vietnam-Philippines accord when

## BP awarded Norway concession

BP's NORWEGIAN subsidiary, BP Petroleum Development of Norway AS, has been awarded a concession covering two blocks on Norway's North Sea Continental shelf in partnership with the Norwegian state oil company, Statoil.

The two companies hold equal shares in the licence covering blocks 29/6 and 30/4 on the boundary with the U.K. sector, but if petroleum is found, Statoil's participation can be increased on a sliding scale relating to the size of the find, with a ceiling of 70 per cent.

BP is to be operator and a three-well drilling programme is laid down in the concession, which also permits Statoil to take over the operator function if a possible find stretches into the British sector. Drilling will not begin until early next year.

## Australia gets new Ford range

BY KENNETH RANDALL

CANBERRA, August 6.

THE FORD Motor Company of Australia has stolen a psychological march on its competitors with its announcement of a \$A72m. (about £30m.) programme to build a "new range of Australian cars."

Ford's announcement is the first direct response to the Australian Government's new policy guidelines for the car industry, which cover the entry into local manufacture of the Nissan and Toyota companies from Japan.

Its major competitor, General Motors-Holden, had earlier announced a commitment of \$A17m. (about £12m.) to go into production of four-cylinder engines but that was more the trigger that produced the new Government policy than a response to it.

Until then, the Government had been hoping to rationalise new capacity for smaller engines by helping to sponsor one big plant. Now, it seems fairly certain that there will be at least three such plants where there were previously none, and there could be as many as five.

That would mean, however, a Ford four-cylinder plant with the total, and the best-informed observers now believe that will not happen. Within the Ford company, the central model in the new range is being called the "super car" and it is expected to be a compact six-cylinder, rather than four-cylinder vehicle.

This would be in line with a long-established consumer preference in the Australian market, broken only in recent years by the striking success of Japanese cars with their greater economy.

It would put the new car in Ford's Australian range between the Falcon and Cortina models at under-\$A5,000 (about £2,500) bracket, well under the smallest car in the current range, Ford would hope. On price, a lot will depend on when the new

vehicle reaches the market, and the rate of inflation between now and then.

It could be expected to appear between late next year and mid-1978, if—as most people assume—the company has already gone through the preliminary stages of preparation.

The inspiration will almost certainly come from Germany and the emphasis will be on power, economy and compactness.

the new Taurus. Ford's even smaller overnight success, the Fiesta, will almost certainly reach the Australian market but its numbers may be limited by import policies.

A key feature of the new Australian programme will be reduced labour costs, through more modern, automated plants. Ford Australia's managing director, Mr. Brian Inglis, pointed out this week that for the second year in a row, the Ford Falcon price was up by about \$A1,000 (about £600). "We realise we cannot go on this way or we will put ourselves out of business," he said.

In his announcement of the new programme, Mr. Inglis said it would stop speculation that Ford might reduce operations at Big Geelong plant in Victoria. It would mean a continuing employment in the company's engineering, tool-making and manufacturing activities, while parts suppliers and other local tool-makers would also be heavily involved.

Mr. Inglis said Ford had responded to the Government's stated policy of encouragement for local industry by choosing a "local design alternative, despite a higher investment."

"In our view," he said, "the Government's manufacturing plans provide a reasonable environment for us to continue a local approach in design and engineering, and this investment programme reflects our confidence in Australian manufacturing industry. We believe we can match import competition with Australian resources," he added.

The current sharing of the Australian passenger car market is: Holden 24.7 per cent; Ford 21.9; Toyota 11.7; Datsun (Nissan) 11.5; Chrysler 9.9; Mazda 9.2; Volkswagen 8.2; Volvo 2.6; Honda 1.4 and Lancia 1.1. Other makes have 6.5 per cent of the market.

## Jobless rise

By Our Own Correspondent

UNEMPLOYMENT rose again in Australia during July to 270,256 or 4.4 per cent of the workforce. In seasonally adjusted terms, this was a rise of 6.2 per cent, to 5.2 per cent of the workforce, but the Government's Bureau of Statistics admits that unemployment is now so high that there is no guarantee of the accuracy of seasonal adjustment. The number of people on the dole has reached 197,159.

To-day's figures were a disappointment, though no great surprise, to the Government which has committed itself to inflation control measures ahead of direct action to reduce unemployment.

However, with another school entry university year ending within three months, the figures now seem certain to look far worse by the beginning of next year.

—probably with a sports image, since Ford is currently placing out all two-door cars from its range.

The Australian car may be patterned on Ford Germany's Granada, while the Escort—the smallest car in the current range—is modified along the lines of

## Berlin incident election issue

BY LESLIE COLITT

BERLIN, August 6.

THE FATAL shooting of an East German driver by East German border guards has highlighted the tense situation at the East-West German border, where a growing number of Westerners are being seized or shot at by the Eastern frontier guards. It is also injecting a new issue into the campaign for the October 3 West German elections.

The Italian Embassy in East Berlin has delivered a strong protest to East Germany. Rome has also expressed its dismay at the blood being shed at a European border in East Berlin, and demanded an East German investigation.

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The version that can be pieced together from the Western side is that Sig. Corghi had reached the West German customs driving his truck with fresh meat from East Germany which was bound for Italy. Another Italian truck driver then told him the border guard then told him the East German customs wanted him back in order to return some documents. Sig. Corghi had left behind.

The 38-year-old truck driver returned to East Germany, this time by foot over the Saale Bridge that forms the border between the two Germanys. What happened then remains uncertain as there were no Western witnesses to the actual shooting. Sig. Corghi, however, could easily have strayed from the designated walkway which is often shifted by moving metal barriers to form a new aisle.

Border incidents have been increasing since the early spring. West German and foreign holidaymakers in the border area have found themselves falling into East German custody or fired upon when they trespass across the border vaguely marked by a barbed wire fence, in front of the actual border fence.

One potentially damaging revelation comes from the Italian Communist newspaper L'Unità which says the slain truck driver, Benito Corghi, was an active member of the Italian Communist Party.

The border incident was front page news in the official newspaper of the Italian Communists whose leader, Sig. Enrico Berlinguer, was in East Berlin only recently for the European Communist summit conference.

The West German Government has also sharply condemned the killing and Opposition Christian Democratic voices are calling for stronger retaliation. One suggestion from the Bavarian Opposition is to allow the West German Border Service to afford "cover fire" in such border incidents.

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SATURDAY, AUGUST 7, 1976

## A bearable prospect

THE SUMMER Parliamentary holiday has started on a note of greater optimism than seemed remotely likely during the sterling crisis only a few weeks earlier. The CBI has produced its most optimistic survey since the heady (and delusory) days of 1973. A group of Oxford economists has pronounced a rather Oxonian benediction on the economy (notably short of supporting detail), the Treasury more cautiously produced two "scenarios" for the consideration of NEDO one of which showed that if things go on as before, they won't get any better, while if performance improves, the outcome will be less bad. The NEDO Council unanimously decided to adopt the more optimistic scenario. It is to be hoped that they have understood the message the Treasury was trying so oddly to convey, that the better outcome can only be secured by actions designed to improve working practices and thus the output of both labour and capital. Comparative studies of British and overseas performance (most notably the Think Tank report on the motor industry) have always shown ample scope for such improvement; unfortunately, similar studies have suggested similar results for many decades—even before the first World War—and there is no sign that drawing attention to the gap makes it any smaller. An air of optimism, by itself, is unfortunately no kind of evidence that anything is actually going to improve.

### Food prices

On the other hand, there is now a good deal of solid evidence for supposing that the seemingly inexorable decline of the U.K. economy has been checked. The trade unions remain subdued but realistic and constructive, less liable to strike and more open to innovation—more important, in the long run, than any temporary agreement on wage restraint. The experience of inflationary depression has taught valuable lessons. The Government, too, has learned a good deal; the measures designed to reduce the borrowing requirement have meant checking the Labour Party's propensity to dream up new and expensive schemes of social amelioration, and their glum acceptance on the Left again speaks of a new realism. This realism will be severely tested if we are to take advan-

tage of the one technically favourable factor to be seen at present—the highly competitive value for sterling which has emerged from the recent exchange market upheavals. While this provides a basis for long-term industrial planning in the confidence of profitable export markets, it will also involve a further and painful adjustment of real incomes in the coming winter—possibly made rather more painful by the possibility of high food prices as a consequence of the European drought.

It is still only in the medium term that it is realistic to look for any positive improvement. During the next two or three years the rising oil output of the North Sea will help greatly to redress both the overseas balance and the balance of Government finances. There now seems a reasonable prospect that the Government will stick broadly to the spending programmes for 1977-78 and beyond outlined in the White Paper, and this will involve a considerable reduction in the proportion of real resources pre-empted by the public sector. On this basis, further reductions in the borrowing requirement and in the rate of inflation should be achievable.

### Refreshing

The list of difficulties involved may seem forbidding; but it ought to be regarded as encouraging. Only a year ago the £8 agreement had just been cobbled together, before a largely sceptical international audience, as the first evidence that the Government even intended to govern, or the trade unions to refrain from wrecking the mixed economy. The Government still seemed to believe in all other respects that any problems involved in its dramatic fiscal plans could be solved by dipping into a bottomless pool of petrodollars; industry, though rescued from imminent bankruptcy by the stock appreciation concession, was looking forward to profitless stagnation. We have come a long way since then, and it is now possible to look ahead to a real though laborious possibility of recovery. For that change, rather than for any exercises in fanciful projection, we can be grateful, and wish those responsible—not least a hard-pressed Chancellor—a well-earned and refreshing break.

# U.S. car industry: reluctant builders of smaller models

BY TERRY DODSWORTH

American car manufacturers are faced with a product revolution. Partly through demand and partly through legislation, they must make smaller cars.

THE AMERICAN car industry, barometer of the U.S. economy, is to-day going through its biggest revolution in thinking in the last half century. The changes are made up of many different strands. But they all point ultimately in one direction: after decades of moving steadily towards longer, lower, larger and heavier cars, U.S. manufacturers have gone into reverse. The industry has seen nothing like it since General Motors swept Ford from predominance and reliance on the Model T in the 1920s.

Just at present this long-term trend is being obscured by a sudden return of demand for larger cars. General Motors, fast off the mark with its new small Chevette, has been caught with escalating stocks and a red face as customers forget their fears of rising fuel prices. But no one is under any illusion that this means a reprieve for the classical American behemoth.

The crucial fact is that the U.S. Government has already legislated for change. A law now stands on the statute books that demands a systematic and dramatic overall improvement in petrol consumption.

In broad terms this means that the products made by every U.S. manufacturer during a single year will have to be capable of returning an average consumption of 20 m.p.g. by 1980 and 27.5 m.p.g. by 1985. This might, of course, be changed, and the lobbyists are out in force in Washington; but the car industry accepts that at best they can only scale down, not kill-off the Government plans.

Several European manufacturers might have difficulties in meeting these targets. For American car producers, bred on the notion of size, they present even more critical problems. In motor car construction there is a fairly direct correlation between size and weight, and between weight and fuel consumption. So this autumn, when the annual model change comes round, General Motors will present a range of its most famous big marauders—the Chevrolet Impala, the Pontiac Catalina, and the Buick Electra—which will be about 1 foot shorter and 800 lbs. lighter than the present models.

The fuel consumption regulations also lie behind much of the "hasty work on European integration that has gone on recently in the big American

multinationals. European design teams at Ford, General Motors and Chrysler are being brought together and at the same time linked more closely with their U.S. operations. The new Ford Fiesta, for example, is a European car designed with American sales very much in mind; and the U.S. company may need eventually to manufacture the Fiesta in America, says Mr. Bill Bourke, head of Ford's North American operations, if the company is to meet the new Federal fuel requirements. Similarly, the new front-wheel drive small-Chrysler planned for next year—will be

### U.S. CAR IMPORTS

	Jan-June 1975	Jan-June 1976
Toyota	137,521	158,986
Datsun	122,449	131,467
Volkswagen	107,025	98,012
Honda	47,265	60,664
Ford	47,948	31,583
Subaru	18,465	22,520
Colt	33,990	22,323
Mercedes-Benz	21,209	21,976
Volvo	20,857	20,937
Mini	41,744	19,107
Capri	36,301	14,943
Audi	29,130	16,815
MG	13,876	15,653
BMW	8,473	13,719
Triumph	10,597	12,244

Source: Automotive News.

a car introduced at the same time in both Europe and the U.S.

The background to the current state of the small car market in America goes back paradoxically to the success GM had after the war in scaling up its models. Ever since the 1920s and its successful challenge to Henry Ford's stubborn view that customers wanted cheap, basic motoring, GM has pursued the philosophy of giving motorists something extra. Inexorably, the American behemoth has added inches year by year over the past two decades, as both size in itself, and the capacity to take in new gadgets like air conditioning, became significant factors in the market place.

At the same time, in order to carry the extra weight around, engines have become bigger and thirstier. About 52 per cent. of all cars made in the U.S. last year had V8 engines; and GM's "dest" — the small car it produced over all its different ranges—could only achieve about 14 m.p.g. if all the consumption was averaged out on the basis suggested by the U.S. Government.

This progression towards larger cars, however, left

opportunities at the bottom end of the market—a gap that was spotted and exploited most effectively by Volkswagen in the 1950s and by the Japanese in the last decade. GM, Ford and Chrysler were willing to let some of this market go, mainly because they took the view that they could get better margins on the larger vehicles, which appear expensive but do not necessarily cost a great deal more to make.

Ford and Chrysler maintained an interest in the largest of the small cars—the so-called compact which measure about 16 ft., or about the same as a Jaguar XJ12. Indeed, Chrysler has relied heavily on the success of its Valiant and Dart models which have set the pace in the compact market since the early 1960s; and Ford has achieved considerable success with the Falcon and the Mustang. But apart from the Ford Pinto the market for sub-compacts—the equivalent of a large 14ft. European family car like the Corolla and anything smaller than that—went by default to the importers.

### Truncated model

The importers proved that at one level in American society there remained a requirement for relatively cheap, small—and probably most important—fuel-efficient cars. Even very small cars have proved acceptable. During the last year or so, for instance, the Honda Civic, which is not much larger than a Mini, has swept into a significant position in the U.S. fourth overall in the importers' registration tables. After the oil crisis the predictable swing of interest towards the smaller vehicles had a marked impact on imports; on the California coast, particularly accessible to Japan, they rose to about 40 per cent. in some months, and overall last year they captured 18 per cent. of the total U.S. market, against 15 per cent. the year before.

As imports moved up, and it became clear that oil prices would not go down, the American companies were spurred into their massive effort to reduce the size of their cars. When the change came, it came quickly. GM, moving with the speed which belied its elephantine size, had its new Chevette lines installed within 18 months. This autumn, 18 months later, it will be ready to display its



1976 CADILLAC SEVILLE

The new Seville was specifically designed as a competitor to international luxury cars like the Mercedes and Rolls-Royce. It is about 27 inches shorter, 3 inches narrower, and about 1,000 lbs. lighter than the traditional Cadillac sedan.

### 1975 U.S. DOMESTIC CAR REGISTRATIONS BY CATEGORY

Average length (inches)	Model type	Units	%
188	Subcompact	499,879	9.92
	Compact	1,440,996	29.44
	Luxury small	894,833	12.69
	Total small	3,035,708	42.06
213	Intermediate	2,050,059	29.19
	Luxury intermediate	26,531	0.38
	Total intermediate	2,084,590	29.57
228	Low standard	758,328	10.76
	High standard	788,958	11.19
	Luxury standard	341,929	4.85
	Total standard	1,899,215	26.80

new truncated models; and Ford Ralph Nader campaigns on safety and pollution began a decade ago. Detroit has received a particularly intense dislike of the Washington scale economies are in time, while Chrysler has its new small front-wheel-drive car due next year. "We are all moving as fast as we can," says Mr. Bourke.

With the adjustments already made or in train, GM believes that it should be able to meet the end of this decade: the regulations fell within the objectives it had set on the purely commercial calculation as a perilous strategy, but it is the main hope for altering or delaying the present policies.

But the next stage, up to 1985, is a different matter entirely: it imposes standards which, in the view of Detroit, are dictated by politics rather than commerce. "Politically, the regulations are a good solution; technically they are lousy, and economically they are impossible because they mean producing cars that nobody will buy," says Dr. Craig Marks, technical assistant to the president of engineering staff at GM.

Dr. Marks, who has been deeply involved in GM's fuel-economy drive, argues that GM is not in the position to spend another \$150m—the cost of the present programme—in yet another series of revolutionary changes beyond 1980. Even if it were, the technical solutions to the 27 m.p.g. objective are unpalatable. There are no miracle breakthroughs likely on fuel consumption, a subject that has exercised the industry since it began; so while on the 20 m.p.g. limit it will be possible to retain some large models, the 27 m.p.g. plans will demand wholesale decimation at the top end of the product range. The result, in commercial terms, would be an extremely limited choice of cars in size and weight.

It is this limitation on the free working of the market that causes executives in Detroit to twitch with horror. Since the closure of four of our own melting shops, labouring the labour force by 4,000—evidence indeed of this community's philosophy in maintaining a viable and competitive steel industry. Whatever problems may confront the BSC and the Government of the day, Port Talbot accepts the need for a labour productivity of 500 tonnes per man year at an annual output of 6m. tonnes in order to maintain our competitiveness with Europe. Apart from the traditions, Port Talbot also has the hardware: a deep water harbour, a melting shop with provision for a third converter—all this leads sensibly to the conclusion that the BSC proposals for expansion in steel-making should proceed.

Your correspondent, Dr. Kay (August 2), was clearly of the same mind when, at the strip mills divisional joint committee conference in 1973 as the director of engineering responsible for divisional development, he advocated Phase II development at Port Talbot group which was designed to raise the capacity of the plant to 6m. tonnes per year. It would involve, he said, new coke ovens, another sinter strand, a pellet plant and the sixth blast furnace (Steel News, June 7, 1973). We were convinced then, as we are now, of the common sense of the argument and saw it following a logical pattern, notwithstanding the loss of a further 2,500 jobs at Port Talbot.

Jack Thomas, BSC, Port Talbot.

52, Queensdown Avenue, Gillingham, Kent.

### Steelmaking

From the Chairman of the Works Council, BSC, Port Talbot.

Sir—We would like to comment on recent views expressed in your columns relating to steel developments at Port Talbot. The steelmaking community of South-West Wales, and Port Talbot in particular, has a record second to none in the acceptance of technological change. Rationalisation at the advent of the present Port Talbot steelworks brought about the closure of over 25 hand mills and a dozen open-hearth melting shops, based on the economy of scale and improved labour productivity, resulting in a loss of more than 25,000 direct jobs. In the last decade alone, we in Port Talbot have witnessed the

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## Letters to the Editor

### Bureaucracy

From Mr. E. Crayford.

Sir—My company recently submitted a successful application to the estates department of a metropolitan borough for the tenancy of a shop whose immediate predecessor (tenant) had operated it as a self-service laundry — "laundromat" — "washeteria." Prior to that tenancy it had been used as a retail shop being one of some half-dozen in a secondary shopping precinct. It was our intention to operate this shop as an off-licence, consequently, it was necessary to submit an application for a retail licence through the Magistrates' Court.

We have now heard that the local authority who agreed to grant us the lease of the shop for use as an off-licence have, through their planning department, opposed our application for the licence on the grounds that no application for a change of use has been submitted, and in the eyes of bureaucracy a self-service laundry is not a shop, even if it was built as a shop, is one of a row of shops and had previously been used as a shop.

The result of



The Stock Market is feeling the loss of the disillusioned small investor. Christopher Hill reports.

# Small can indeed be beautiful

LIKE MANY other gradual trends the waiting of the private investor as a force in the stock market has been almost casually accepted as an inevitable process, without much thought being given to the long-term implications. But over the past fortnight the poor reception given to the several new public offerings has focused attention on what happens in the individual does stay out of the market and the field is left almost entirely to the institutions. While it may be too early to draw positive conclusions, the combination of institutional and private lack of support for at least two of the new issues has given the stock market an unpleasant glimpse of what the future might be like in an institutionally dominated market. Equally it has prompted second thoughts about whether the now unfashionable characteristics of the old-style private investor—such as his tendency to stay passively invested through thick or thin—are in fact necessary for a healthy stock market.

## Issue timing

After making allowances for natural disappointment, the absence of the private investor was certainly regretted by Mr. Patrick Spens, the Morgan Grenfell director who master-minded the Thomas Borthwick issue which was left 98 per cent undersubscribed. "Remarkably that the type of people who normally subscribe for new issues seem to have run out of money, he sees a great danger of the institutions becoming a cartel able to make or break an issue. In particular he pointed to the tendency of Scottish institutions to be wary of offers for sale (or indeed rights issues) and of underwriters in general

investor has not been evident, the real explanations lay in the timing of the issues and their quality. For example, Mr. James Dundas Hamilton, an ex-deputy chairman of the Stock Exchange and currently the member of the Council responsible for public relations, believes that the coincidence of the issues with a general spate of bad news was largely responsible and that investors—institutional as well as private—were taking a view of the market. With 1974 still fresh in their memories, private investors appear to be taking more notice of market trends

and the consensus seems to be "Why go for new issues when the top might be near or even past?" It remains to be seen what happens to future issues. Willis Faber, for example, is in the wings seeking a listing and already has wide institutional support. Whatever the result, it does not alter the fact that the private investor in stocks and shares is on the decline and has been so over a considerable period. The

occupational pension schemes and 14m, who save through life assurance benefit indirectly. Clearly there is an overlap, but the growing importance of contractual schemes must be stressed. With the number of people in occupational pensions increasing rapidly (up by 50 per cent during the ten years to 1973) the pension funds, unlike the individual, have no problems about cash flow. As for the reasons why the

age group (over 50) and in the AB socio-economic bracket (which includes doctors, lawyers and higher managerial people). He is likely to enjoy a higher income, might well live in the South East, is a home owner and might have inherited his portfolio of perhaps £10,000. The surveys also produce the profile of a relatively complacent investor, reviewing his portfolio at infrequent intervals and fragmenting his holdings over a wide number of stocks.

In crude terms what this amounts to is the by now familiar figure of the declining middle class person whose income has not kept pace with inflation and whose tax burden has increased over the past two years. So this is the area in which many of the explanations lie. For example, Mr. Edgar Palamoutian, Chairman of the Executive Committee of the Wider Share Ownership Council and managing director of the M & G fund management group, said baldly that the private investor belongs to a class which has been impoverished ("the retired admiral who has to sell his investment trust shares in order to buy bread") and that money is in the hands of people who are not traditionally orientated to the stock market and certainly do not consider "staggering" new issues. Mr. Dundas Hamilton also partly shares this opinion, saying that the new class of savers seems to be the "more highly paid artisan" (for want of a better term) who has been putting his money in building societies.

But the "impoverishment" argument only goes so far, the Stock Market has stopped high over the past two years and there is no evidence that money is lacking for investment outlets that people want.

What is perhaps more important is that for several reasons to the Stock Market, they prefer delivering the goods to the private investor and this has produced the inevitable effect of a gradual withdrawal. The blame is laid at a number of doors but the main points put forward by Mr. Dundas Hamilton, and others close to the Stock Exchange, are that a combination of a flagging economy with price controls, dividend restrictions and high taxes on investment income have produced a crisis of confidence in the traditional private investor. Not only is he anxious to secure a rising net income, but also to put his money where it is "safe". There are two aspects to this. First, it is possible that in view of Capital Transfer Tax and the looming Wealth Tax, private investors are more anxious to put their assets into areas which are less easy to value than stocks and shares. Secondly, their confidence may have been so shaken by the increasing volatility of the market that, unless they feel they can devote time and attention to the stock market, they prefer to go into other investment areas or to hand the whole problem over to professional managers.

## Exaggerated

The extent of the disillusionment and disappearance of the private investor can be exaggerated. So can the extent of the "sinister" nature of institutional power. For example, the stream of rights issues have been amply subscribed to by individuals on a selective basis and, indeed, a spot check by the Stock Exchange last November showed that 100 per cent of rights issues were taken up by individuals. In the mature U.S. market the trend is similar to the U.K. On the New York Stock Exchange the number of individual shareholders peaked at 30.8m. in 1970 and had declined to 25.3m. by 1975. There are more investment alternatives now and more people have become accustomed to the idea of having their money managed. To reproduce the situation quoted in the Diamond report, where an average of 40 per cent of private investors, who bought shares in a sample of newly quoted companies were still holding them 12 years later, a long-term industrial and economic recovery would be necessary. Otherwise what is a general agreement about this, really being said by the stock market is that it wants the private investor but it wants the absence of the private investor? Basically the argument

## THE PATTERN OF OWNERSHIP OF QUOTED ORDINARY SHARES 1963 AND 1969-73

Category of ownership	1963	1969	1970	1971	1972	1973
Persons, executors and trustees resident in U.K.	58.7	47.0	45.0	44.0	43.0	42.0
Charities and other non-profit making bodies	2.6	3.6	3.8	4.0	4.2	4.4
Insurance companies	10.6	12.4	13.0	13.7	13.8	14.2
— long term funds	10.6	1.4	1.4	1.6	1.7	2.0
— general funds	7.0	9.4	10.4	11.0	11.3	12.2
Pension funds	6.7	7.0	6.9	7.0	6.9	6.5
Investment trust companies	1.2	2.9	2.9	3.2	3.1	3.4
Unit trusts	2.3	3.6	3.7	3.5	3.7	3.3
Banks and other financial institutions	4.8	4.6	4.7	4.4	4.7	4.3
Non-financial companies	1.6	2.5	2.4	1.8	1.7	2.5
Public sector	4.4	5.6	5.8	5.4	5.9	5.2
Overseas	100	100	100	100	100	100
Total market value of issued ordinary shares (£ million)	27,500	38,010	35,470	50,920	60,970	40,520

Source: Royal Commission on the Distribution of Income &amp; Wealth.

## Rolls-Royce profit down 73% to £4.5m. in worst year

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

ROLLS-ROYCE (1971), the aero engine group, yesterday reported its worst financial year since the Government rescue operation in 1971. Turnover rose nearly 30 per cent from £468m. to £602m., and taxable profit fell 73 per cent, from £16.7m. to £4.5m. last year. Retained profit was only £108m., compared with £12.2m.

Sir Kenneth Keith, the chairman, says in his annual report that new orders "are still proving difficult to obtain, but recently there have been encouraging signs for the future. In the early months of 1976 airline activity has been at a higher level and, if this continues, is bound to lead eventually to further orders for new aircraft."

"In this situation we are confident of a sharp upturn in business before long and when this comes we can look forward to a much improved financial performance."

The major preoccupation of the Board was to improve the productivity and profitability of the group's existing projects to ensure that future projects were price-competitive.

As part of this policy, R-R had recently closed three of its smaller plants and was cutting its workforce elsewhere to reduce 6,000 jobs this year.

The report shows that last year R-R received £110m. from the Government in capital but Sir Kenneth says: "It must be remembered the company has never been given adequate permanent capital."

Also, and more important, 1975 was a year of unprecedented inflation in the U.K. which caused our inventories to increase in cash value by some £60m.

Last year also saw a major recession in the airline business world-wide and progress payments from R-R's customers were £20m. lower than in 1974.

"Both inflation, though at a lower level, and the airline recession will continue to be major factors affecting our cash position during the current year."

The development of the more powerful RB211-524, initially for the Lockheed L1011 and Boeing 747 aircraft, is on programme with the initial batch of development engines delivered for flight testing. Production engines are due to be delivered next year.

The development of the RB401 is "going well" and the first engine ran on schedule in December. "It is hoped that the U.S. Justice Department can be persuaded to allow this engine to proceed in collaboration with Pratt and Whitney Canada—a subsidiary of United Technologies Corporation."

During last year discussions began with Pratt and Whitney about a collaborative project for a new intermediate engine and, although no agreement for funding has yet been reached, the development programme for this engine is under way.

Research and development expenditure last year increased from £18.5m. to £38.5m. with the largest single item being the cost of supporting the 500 RB211-22 engines in service with airlines all over the world.

"We have put a very considerable effort into ensuring the success of this engine. Some very encouraging performance figures are now being achieved but we still have some way to go," says Sir Kenneth.

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## Economic Diary

PROVISIONAL overseas trade figures and balance of payments for July will be available on Friday.

Other events and statistics next week include: MONDAY—Publication of Confederation of British Industry review. Wholesale price index (July). Hire purchase and other instalment credit business (June). Retail sales (June—final).

TUESDAY—Central Government deposits (mid-July). Index of industrial production (June).

THURSDAY—Finished steel consumption and stock changes (2nd quarter—provisional). FRIDAY—Retail prices index—quarterly (July). Building Societies' receipts and loans (July). Usable steel production (July). Department of Industry publication Trade and Industry will include manufacturing industry's capital expenditure by regions (4th quarter).

## LABOUR NEWS

### Non-union railmen 'must be reinstated'

BY OUR LABOUR STAFF

TWO BRITISH Rail employees, a father and son, who belong to the Christadelphian religious sect, yesterday won their appeal against dismissal for refusing to join a trade union under the industry's closed shop agreement of last year.

A Nottingham industrial tribunal ordered British Rail to reinstate Mr. Harry Cave and his son Anthony and to give them back pay.

Mr. Stanley Herman, chairman, said the tribunal took the view that the two men satisfied the requirements of the 1974 Trade Union and Labour Relations Act in that they were both employees who had a genuine objection to religious grounds to belonging to a trade union.

Mr. David Pittman, of the British Rail Board, said that before last year's exemption from trade union membership was allowed, and Mr. Cave had paid a contribution of £4.50 a week to a charity instead of paying his union dues.

The closed-shop agreement came into force in July last year with the condition that a British Rail employee should be a member of one of the recognised unions.

Appeals were lodged, but the Cave's applications were dismissed in February by a British Rail appeal body, which thought it was not sufficient for a person's religious belief to be genuine, nor was it sufficient for a religious body to exert its members not to join a union.

It was sufficient, said Mr. Pittman, only if the body controlling the religious order made it a fundamental tenet that their members should not join a union and threatened expulsion.

Mr. Pittman said the Christadelphians took no part in politics, did not vote at elections and refused to use force of any kind.

Several other British Rail employees have been dismissed for refusing to join a recognised union. Many have decided to go to industrial tribunals and, ultimately, to appeal to the European Court at Strasbourg under the Human Rights Convention. They say that the closed shop legislation contravenes the convention, which Britain has signed.

The Christadelphians, founded in about 1848, are a Christian sect who follow the Bible and require a profession of faith and baptism by immersion. They believe that Christ will return to Jerusalem and rule the world for 1,000 years.

## TCDD poisoning victims not in serious danger—doctors

BY JOHN WICKS

DOCTORS COMMISSIONED by the Givaudan concern, who have seen victims of the TCDD accident in Seveso and have experience of "similar cases," say that at present there is no serious danger of permanent damage to any of the 11 people still in hospital.

Givaudan, the parent company of the Italian group Icmesa and itself part of the Basle-based Hoffmann-La Roche group, said the patients were all suffering from skin complaints and the company denies reports that the accident has led to death.

Speaking of "numerous contradictory reports," Givaudan says it is very interested in giving the public periodic and objective information on the latest stand of the matter four weeks after the accident.

It has frequently not been understood that 14 days elapsed between the accident and the evacuation, the company claims. In fact, the responsible authorities were informed of the Icmesa accident on July 11 and, as soon

side the closed zone it was decided to evacuate children and pregnant women by day.

Together with independent English experts we are investigating various measures aimed particularly at the decontamination of the areas of precautionary evacuation as soon as possible," said the German text of the communiqué.

Although no final plans had been worked out, it would doubtless be necessary gradually to cleanse crops, buildings, roads and so forth before a return of the evacuees could be envisaged.

Speaking of the necessity of co-operation with the authorities, the company says it is still waiting for official permission to enter the contaminated area to carry out necessary scientific experiments.

"The resulting medical and social damage call for a comprehensive and exact investigation of all points," says the communiqué. Givaudan finally denies that Icmesa or Givaudan have ever produced substances for military use.

## Port plans remain uncertain

BY JOHN WYLES, SHIPPING CORRESPONDENT

THE GOVERNMENT'S plans for the ports industry remained uncertain yesterday, in spite of a renewed commitment from Mr. John Gilbert, the Minister of Transport, to bring commercial ports and cargo handling activities under public ownership and control "at the earliest opportunity."

Mr. Gilbert's statement followed a report in the Financial Times that the Government was considering abandoning its nationalisation pledge.

The Department of the Environment said that the Government intended to draw up a "programme of reorganisation and nationalisation."

The shape of the proposals would be influenced by reaction to a consultative document issued in April last year by Mr. Gilbert's predecessor, Mr. Fred Mulley. Reorganisation would come first "but nationalisation

may not come for some time."

Since Mr. Mulley's departure there have been few signs that the Department's thinking on overall port policy has progressed much. Virtually all Britain's major ports are in public hands.

It has been repeatedly pointed out that well over 80 per cent of overseas trade would be handled by publicly or municipally owned ports if the British Transport Docks Board's bid to acquire Felixstowe was successful.

# What's in a name?

A name that's recognised can inspire awe, envy or, in this case, confidence.

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A very good wine reasonably priced. Distinguishing it from the ranks of all the rest.

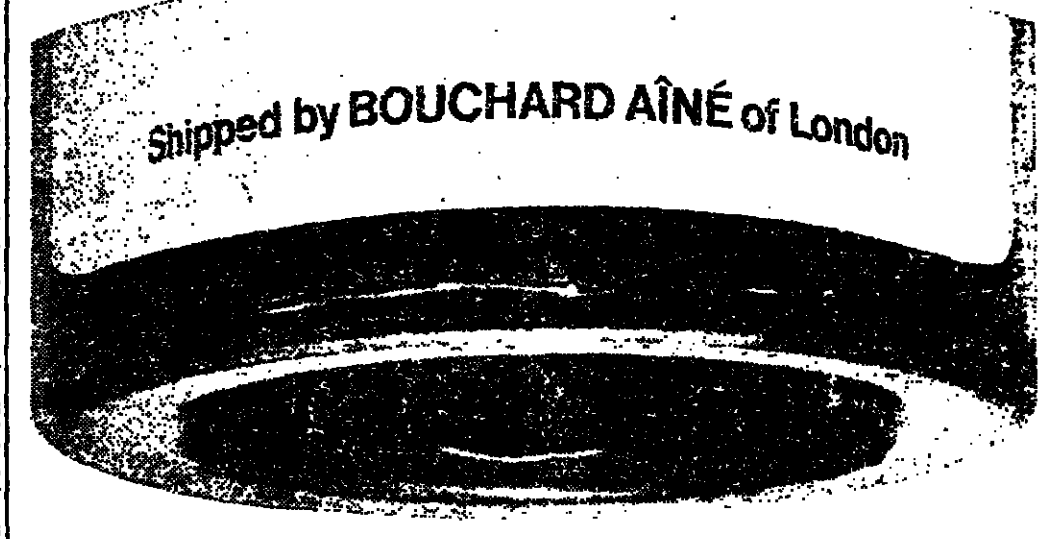
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\*Aîné denoting the eldest son of the family





























## STOCK EXCHANGE REPORT

Setback in Golds on concern about Soweto situation  
Leading equities better—Share index up 2.3 at 373.3

## Account Dealing Dates

Option  
First Declared Last Account  
Dealings 10th Dealings Day  
July 26 Aug. 5 Aug. 6 Aug. 17  
Aug. 9 Aug. 19 Aug. 20 Sep. 1  
Aug. 23 Sept. 2 Sept. 3 Sept. 14

"New time" dealings may take place  
from 1.30 a.m. two business days earlier.

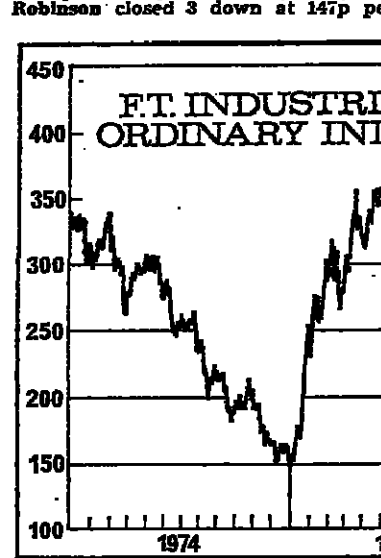
The main feature of an otherwise quiet and uninteresting day on the Account in stock markets was the further sharp setback in Gold mining shares on growing concern about the Soweto situation. This prompted general selling on an unwilling market and final losses in prices were quite substantial. The Gold Mines index fell 5.5 to a fresh low for the year of 97.2 making a loss of 26.5 (more than 21 per cent.) over the last seven trading days. In contrast, British Funds held up reasonably well after the recent improvement. Short-dated stocks were a fraction better, while medium and long closed without alteration after a quiet day's trade. The Government Securities index eased 0.03 to 62.27 for a net rise of 0.30 on the week. Leading equities made a little progress but the improvement resulted mainly from the levelling of positions in front of the week-end. The FT 30-share index gained 2.3 to 373.3 for a rise of 7.4 on the week. Over the Account, however, the index recorded a loss of 3.1.

## Short Gilts firm

There were few changes in secondary issues which were inclined to ease on the week. Profit-taking in recent speculative issues particularly noticeable. Falls led rises by 5-3 in FT-quoted Industrials, while the FT-30-share index gained 2.3 to 373.3 for a rise of 7.4 on the week. Average daily

bargains for the week were 4.31. Friday's began a little cautiously with quotations a shade lower on the offered side. Sellers were not very active, however, and a few buyers later took heart from the trend in sterling coupled with a continuation of the easier day, closed unaltered at 12.95, 12.97. Life Offices were also steady. In Lloyd's brokers, Hogg closed 3 down at 14.7p penny easier at 14.7p, after 14p, improved 6 to 15.6p, while London 24.6p, 4.6p, and Tunnel "B" 13.3p put on 2 1/2 and 3 respectively. Carpan hardened a penny to 3.5p in belated response to the interim report.

After touching 3.49p, JCI rallied to close 2 better on the day at 3.52p. Elsewhere in Chemicals, Coalite and Chemical finished a penny easier at 14.7p, after 14p, improved 6 to 15.6p, while London 24.6p, 4.6p, and Tunnel "B" 13.3p put on 2 1/2 and 3 respectively. Carpan hardened a penny to 3.5p in belated response to the interim report.



in ex "rights" form, with the new all-paid at 31p premium. Tollerance and Cobbold, up 12 1/2 at 117p, on news that Northern Foods had acquired a near 11.8 per cent. stake in the company, provided the only real movement in the heavy sector. Elsewhere, Liverpool improved 3 to 3.5p, and Macmillan Glenlivet 5 to 5.5p, but Gough Bros. came on offer and eased 2 to a "low" for the time results are due to be announced August 17. Other leading Electricals closed a shade in active trading. AP Cement

improved 6 to 15.6p, while London 24.6p, 4.6p, and Tunnel "B" 13.3p put on 2 1/2 and 3 respectively. Carpan hardened a penny to 3.5p in belated response to the interim report. After touching 3.49p, JCI rallied to close 2 better on the day at 3.52p. Elsewhere in Chemicals, Coalite and Chemical finished a penny easier at 14.7p, after 14p, improved 6 to 15.6p, while London 24.6p, 4.6p, and Tunnel "B" 13.3p put on 2 1/2 and 3 respectively. Carpan hardened a penny to 3.5p in belated response to the interim report.

on news that the company's herbicide plant is to stay closed until completion of the investigation currently being undertaken by the Health and Safety Executive. Hoechst remained a dull forerunner, losing 2 more to 4.65p for a two-day loss of 3p. The further weakening of the investment premium caused Philip's Lamp to recede 10 to a low for the year of 15.5p; the latter results are due to be announced August 17. Other leading Electricals closed a shade in active trading. AP Cement

## F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and The Faculty of Actuaries

EQUITY GROUPS	Groups & Sub-sections	Friday, August 6, 1976										Highs and Lows Index	
		Index	Dev. %	Est. Yield %	Gross Div. Yield %	Net P.E. Ratio	Net P.E. Ratio	Index	Index	Index	Index	1976	Since Completion
1	CAPITAL GOODS (179)	139.74	-0.3	17.59	6.54	8.58	8.58	140.14	139.78	139.06	137.08	101.78	160.06, 137.08, 205.37, 50.17
2	Building Materials (30)	123.45	+0.2	16.20	7.49	9.37	9.37	123.23	123.66	121.54	119.69	88.12	121.54, 119.69, 123.66, 88.12
3	Contracting, Construction (23)	186.64	-1.4	20.61	8.90	7.66	7.66	184.10	182.28	179.94	177.87	172.87	182.28, 179.94, 177.87, 172.87
4	Electricals (16)	257.33	-0.7	17.20	6.16	8.60	8.60	258.13	258.84	258.45	257.41	191.30	258.45, 257.41, 258.84, 191.30
5	Engineering (Heavy) (13)	170.52	-1.2	23.61	7.20	6.60	6.60	172.61	172.09	169.76	167.55	119.87	172.09, 169.76, 167.55, 119.87
6	Engineering (General) (63)	130.31	-0.6	16.99	6.88	8.28	8.28	131.06	130.91	130.37	129.11	88.38	130.37, 129.11, 131.06, 88.38
7	Machine and Other Tools (9)	67.28	-0.2	17.85	7.78	8.57	8.57	67.38	67.28	67.11	67.35	37.27	67.28, 67.11, 67.35, 37.27
8	Miscellaneous (25)	126.74	-0.1	14.91	6.96	10.11	10.11	126.87	126.82	126.50	124.71	92.74	126.82, 126.50, 124.71, 92.74
9	CONSUMER GOODS (DURABLE) (33)	121.88	-0.2	18.04	6.64	8.30	8.30	122.09	121.54	120.74	119.37	78.76	121.54, 119.37, 120.74, 78.76
10	Lt. Electronics, Radio TV (15)	133.03	-	17.21	6.34	8.59	8.59	132.97	132.20	131.48	129.46	81.61	132.20, 131.48, 129.46, 81.61
11	Household Goods (13)	125.89	-0.1	19.06	7.80	7.98	7.98	125.99	125.49	125.83	125.13	121.41	125.83, 125.13, 125.99, 121.41
12	Motors and Distributors (25)	78.11	-0.5	16.90	6.80	8.01	8.01	78.31	78.25	77.94	76.87	41.79	78.25, 77.94, 76.87, 41.79
13	CONSUMER GOODS (NON-DURABLE) (168)	142.45	-0.2	15.19	6.70	9.96	9.96	142.78	142.08	141.25	139.65	113.72	142.08, 141.25, 139.65, 113.72
14	Breweries (15)	162.12	-0.1	14.56	7.02	10.28	10.28	163.38	162.07	160.65	157.73	125.76	162.07, 160.65, 157.73, 125.76
15	Wines and Spirits (7)	168.18	-0.4	14.59	7.09	10.49	10.49	161.52	160.82	160.08	158.29	128.20	160.82, 160.08, 158.29, 128.20
16	Entertainment, Catering (14)	171.25	+0.4	14.20	7.77	10.87	10.87	170.60	169.12	167.78	166.18	129.24	169.12, 167.78, 166.18, 129.24
17	Food Manufacturing (22)	155.58	-0.4	16.97	6.67	8.97	8.97	156.19	155.87	154.84	153.38	128.19	155.87, 154.84, 153.38, 128.19
18	Food Retailing (16)	138.89	-0.1	15.38	6.97	10.92	10.92	139.71	139.12	138.00	137.87	113.19	139.12, 138.00, 137.87, 113.19
19	Newspapers, Publishing (16)	176.97	+0.2	15.90	5.92	11.06	11.06	176.56	174.77	173.51	174.45	114.50	174.77, 173.51, 174.45, 114.50
20	Packaging and Paper (12)	98.59	-0.1	16.57	7.67	9.28	9.28	98.73	98.47	98.05	95.50	76.83	98.47, 98.05, 95.50, 76.83
21	Stores (34)	119.09	-0.1	15.01	9.92	11.83	11.83	118.25	117.67	116.55	115.11	96.85	117.67, 116.55, 115.11, 96.85
22	Textiles (23)	140.97	-0.6	11.17	8.15	12.91	12.91	141.77	141.79	140.75	140.81	117.50	141.79, 140.75, 140.81, 117.50
23	Tobaccos (3)	208.94	-0.5	20.42	8.26	7.59	7.59	209.94	209.35	209.35	207.58	168.57	209.35, 207.58, 209.94, 168.57
24	Toys and Games (6)	74.15	-0.3	20.35	8.07	6.58	6.58	74.29	74.07	74.11	73.51	40.62	74.07, 74.11, 73.51, 40.62
25	Chemicals (26)	205.29	-0.7	12.53	9.32	11.36	11.36	206.64	206.41	206.03	204.29	151.65	206.41, 206.03, 204.29, 151.65
26	Office Equipment (9)	88.20	-0.5	13.27	9.90	11.12	11.12	88.62	88.10	88.96	87.92	68.47	88.10, 88.96, 87.92, 68.47
27	Shipping (12)	373.77	-0.6	15.52	6.89	10.90	10.90	376.05	375.71	371.95	368.60	315.20	375.71, 371.95, 368.60, 315.20
28	Miscellaneous (49)	148.53	-0.5	14.76	7.70	10.10	10.10	149.33	148.90	148.10	146.05	116.16	148.90, 148.10, 146.05, 116.16
29	INDUSTRIAL GROUP (496)	146.74	-0.3	15.36	6.49	9.71	9.71	147.23	146.75	146.01	144.31	112.07	146.75, 146.01, 144.31, 112.07
30	OILS (4)	149.77	-0.7	12.84	4.69	9.45	9.45	152.24	152.37	152.47	150.41	96.87	152.37, 152.47, 150.41, 96.87
31	500 SHARE INDEX	163.45	-0.4	14.86	6.20	9.67	9.67	164.10	163.66	162.61	161.07	128.08	163.66, 162.61, 161.07, 128.08
32	FINANCIAL GROUP (100)	124.48	-0.1	6.15	—	—	—	124.57	124.10	123.81	120.47	111.75	124.10, 123.81, 120.47, 111.75
33	Banks (6)	145.69	-0.2	7.508	6.50	6.66	6.66	146.00	146.07	145.79	142.42	126.72	145.79, 142.42, 146.00, 126.72
34	Discount Houses (10)	147.19	-0.5	—	9.40	—	—	147.92	145.02	145.02	146.12	156.05	145.02, 146.12, 156.05, 145.02
35	Life Purchase (5)	66.44	-1.0	—	7.53	—	—	67.29	66.85	65.93	65.93	55.32	66.85, 65.93, 67.29, 55.32
36	Insurance (Life) (9)	103.63	-0.1	—	6.89	—	—	103.52	103.19	101.42	99.90	99.93	103.19, 101.42, 99.90, 99.93
37	Insurance (Composite) (7)	100.80	-0.4	—	6.96	—	—	100.43	99.59	97.13	94.94	95.11	99.59, 97.13, 94.94, 95.11
38	Insurance Brokers (9)	229.31	-0.7	10.49	5.02	13.83	13.83	230.96	228.97	226.93	224.00	179.15	228.97, 226.93, 224.00, 179.15
39	Merchant Banks (16)	69.24	-0.6	—	8.06	—	—	69.62	70.00	70.10	68.89	76.94	70.00, 70.10, 68.89, 76.94
40	Property (32)	164.66	-0.4	5.73	5.31	50.12	47.60	165.39	165.07	163.71	161.72	136.95	165.07, 163.71, 161.72, 136.95
41	Miscellaneous (6)	71.88	-0.2	17.83	8.59	8.67	8.67	72.00	72.15	72.00	72.90	59.06	72.15, 72.00, 72.90, 59.06
42	Investment Trusts (50)	143.00	-0.3	3.72	9.39	27.79	27.79	143.49	143.21	143.20	142.69	139.57	143.21, 143.20, 142.69, 139.57
43	ALL-SHARE INDEX (650)	155.04	-0.5	—	6.19	—	—	155.57	155.15	151.96	150.48	122.56	155.15, 151.96, 150.48, 122.56
44	COMMODITY GROUPS (Not included in 500 or All-Share indices)	—	—	—	—	—	—	—	—	—	—	—	—
45	Rubbers (9)	34.26	-0.1	9.56	5.91	15.27	13.95	34.73	34.70	34.67	34.14	29.58	34.67, 34.14, 34.73, 29.58
46	Teas (8)	159.90	-0.3	30.18	8.48	4.50	4.34	159.36	159.16	160.22	160.22	101.78	159.16, 160.22, 160.22, 101.78
47	Coppers (3)	188.99	-0.8	53.14	9.24	1.88	1.88	187.40	186.56	193.35	193.35	191.51	186.56, 193.35, 193.35, 191.51
48	Mining Finance (11)	88.87	-1.9	11.75	6.54	9.52	9.52	89.46	89.71	92.04	92.48	82.55	89.71, 92.04, 92.48, 82.55
49	Tins (5)	115.20	-	13.90	8.71	11.05	10.99	115.30	115.30	115.48	115.64	86.06	115.30, 115.48, 115.64, 86.06
50	Overseas Traders (13)	212.30	-1.3	16.04	4.58	8.10	8.09	215.00	214.15	209.88	208.94	198.63	214.15, 209.88, 208.94, 198.63
51	FIXED INTEREST	—	—	—	—	—	—	—	—	—	—	—	—
52	1 Consols 2 1/2% yield	—	—	14.06	14.06	14.06	14.14	14.14	14.14	14.14	14.12	14.13	—
53	20-yr. Govt. Stocks (6)	—	—	48.65	48.65	48.65	48.18	48.18	48.18	48.18	48.30	48.52	—
54	20-yr. Red. Deb. & Loans (15)	—	—	50.33	50.33	50.33	50.33	50.33	50.33	50.33	50.33	50.35	—
55	Investment Trust Prefrs. (15)	—	—	48.83	48.83	48.83	48.88	48.88	48.88	48.88	48.88	48.70	—
56	Coml. and Indl. Prefrs. (20)	—	—	68.44	68.44	68.44	68.36	68.36	68.36	68.36	68.36	68.48	—

## FINANCIAL TIMES STOCK INDICES

	Aug. 6	Aug. 5	Aug. 4	Aug. 3	Aug. 2	Aug. 1	Aug. 31
Government Secs.	62.27	62.30	62.30	61.87	61.90	61.97	62
Fixed Int.	61.76	61.77	61.78	61.40	61.40	61.66	62
Industrial Ordinary	373.3	371.0	372.3	368.4	367.1	366.9	37
Gold Mines	97.2	104.0	105.2	107.9	110.5	113.7	36
Ord. Div. Yield	5.95	5.97	5.94	6.01	6.02	6.02	2
Earnings P/B Ratio	17.32	17.38	17.38	17.48	17.51	17.53	21
P/B Ratio (last 60 days)	8.55	8.58	8.57	8.47	8.46	8.43	2
Debt/Equity Ratio	4.770	4.406	4.407	4.406	4.408	4.406	41
Equity turnover %	43.88	46.50	43.07	38.88	43.21	43.21	46
Equity leverage ratio	18.170	18.397	17.748	18.005	18.048	18.048	113

14 a.m. 371.8 11 a.m. 371.7 Noon 373.3 1 p.m. 373.3  
2 p.m. 373.3 3 p.m. 37



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Aug. 2	Aug. 2	Aug. 2
1.87	61.90	61.90
1.40	61.37	61.37
68.4	367.1	367.1
67.9	110.6	110.6
6.01	6.02	6.02
7.48	17.51	17.51
8.47	8.46	8.46
580	4,103	4,103
2.07	29.86	29.86
748	10,605	10,605
73.5	1 p.m.	1 p.m.
72.6		
72		
12x	(b) Mid	Mid
13x	Ind. Ord	Ind. Ord

## REGIONAL MARKETS

selection of the share prices previously shown under regional headings is listed below with quotations on London. Irish issues, most of which are not actually listed in London, are shown separately and with prices as on the Irish exchange.

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ROTHES-Continued

High	Low	Stock	Price	% Chg	Vol	TR
88	95	Grand Met. Inc.	65 1/2	-	27	23 1/2
89	57 1/2	Grain Processing	40 1/2	-	27	21 1/2
90	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
91	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
92	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
93	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
94	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
95	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
96	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
97	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
98	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
99	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
100	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
101	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
102	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
103	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
104	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
105	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
106	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
107	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
108	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
109	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
110	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
111	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
112	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
113	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
114	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
115	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
116	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
117	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
118	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
119	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
120	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
121	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
122	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
123	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
124	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
125	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
126	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
127	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
128	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
129	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
130	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
131	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
132	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
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136	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
137	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
138	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
139	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
140	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
141	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
142	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
143	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
144	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
145	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
146	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
147	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
148	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
149	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
150	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
151	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
152	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
153	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
154	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
155	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
156	56 1/2	Grain Processing	40 1/2	-	27	21 1/2
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